Annual Report
2018-19

MAX FINANCIAL SERVICES

Powering Profitable Growth

MAX FINANCIAL SERVICES

Annual Report
2019

Read Inside

05-19

CORPORATE REVIEW

Our Enterprise

MAX | FINANCIAL SERVICES

Max Financial Services (MFS), a multi-business corporate, is part of the US $3.2 billion Max Group. Focussed on Life Insurance, it owns and actively manages a 71.8% stake in Max Life Insurance, India's largest non-bank, private life insurance company. MFS earned a revenue of ₹ 19,501 crore in FY 2019. The company is listed on NSE and BSE. Besides a 28.3% holding by Analjit Singh sponsor family, some other shareholders include KKR, New York Life, Baron, Vanguard, Aberdeen, First Voyager, Jupiter and the Asset Management Companies of Reliance, HDFC, ICICI Prudential, Motilal Oswal, Aditya Birla Sun Life, Mirae, and Kotak.

MAX LIFE INSURANCE

Launched in 2000, Max Life is a joint venture with Mitsui Sumitomo Insurance, a Japan-headquartered global insurance leader. Max Life is India's largest non-bank private life insurer and the fourth largest private life insurance company, with revenues of ₹ 14,575 crore, a claims paid ratio of 98.74% and number of policies in force at over 4 million, with a total of 322 branch units across India.

MAX | INDIA LIMITED

Max India Limited, a multi-business corporate, is part of the US $3.2 billion Max Group. Focused on Healthcare and Allied business, it owns and actively manages a 49.7% stake in Max Healthcare, a 51% stake in Max Bupa Health Insurance and a 100% stake in Antara Senior Living. Max India earned revenue of ₹ 3,688 crore in FY 2019, having a customer base of 7 million. The Company is listed on NSE and BSE. Besides a 40.9% holding by Analjit Singh sponsor family, some other shareholders include New York Life, Briarwood Capital, IFC, Nomura, Doric Capital, HDFC Standard Life and Asset Management Companies of L&T and UTI Mutual Fund.

MAX HEALTHCARE

Launched in 2000, Max Healthcare is India's leading provider of standardised, seamless and world-class healthcare services, focussed on tertiary and quaternary care. Max Healthcare has revenues of ₹ 2,921 crore. from over 2,500 beds across 14 hospitals. With a base of more than 3,000 doctors offering services in 30 specialities across a network of 14 hospitals, Max Healthcare remains completely committed to the highest standards of medical and service excellence, patient care,and scientific and medical education.

MAX Bupa HEALTH INSURANCE

Launched in 2008, Max Bupa, a subsidiary of Max India, is a 51:49 JV with Bupa Finance Plc., UK. It is one of India's leading standalone health insurance companies with Gross Written Premium (GWP) of ₹ 947 crore. It has a customer base of nearly 2.5 million people, offering individual and family-oriented health insurance policies across all age groups through its 31,000+ agents and 12 bank relationships.

ANTARA SENIOR LIVING

Launched in 2013, Antara Senior Living is a 100% subsidiary of Max India. It is pioneering the concept of 'Age in Place' for people over 55 years of age, by developing Senior Living communities in India. The first Antara community was launched in April 2017 near Dehradun, Uttarakhand with 190 apartments spread over 14 acres of land.

Incorporated in 2015, Max Ventures & Industries Limited (MaxVIL), is a part of US $3.2 billion Max Group. The Company owns and operates real estate business through its 100% subsidiary, Max Estates, and a packaging films business through Max Speciality Films, a 51:49 joint venture with Toppan, Japan. MaxVIL also has an investment subsidiary, Max I. MaxVIL is listed on NSE and BSE. Besides a 47.1% holding by Analjit Singh sponsor family, some other shareholders include New York Life and First State Investments.

Launched in 1988, Max Speciality Films, a subsidiary of MaxVIL., is an innovation leader in the Specialty Packaging Films business. It has a strategic partnership with Japan's Toppan Printing Co. Ltd., a leading global printing company. Max Speciality Films is a top supplier of specialty packaging, labels, coating and thermal lamination films for the India and overseas markets.

Established in 2016, Max Estates Limited is the real estate arm of the Max Group and a subsidiary of MaxVIL. Its vision is to bring the Group's values of Excellence, Credibility and Sevabhav to the Indian real estate sector. Its marquee projects include a one-of-its-kind commercial office space Max Towers, on the edge of South Delhi that opened its doors in 2019 and 222 Rajpur, a luxury residential villa community in Rajpur, Dehradun. It aims to create, build and operate Grade A+ office spaces in Delhi-NCR.

Max I. Limited is MaxVIL's wholly-owned subsidiary, which facilitates Intellectual & Financial Capital to promising and proven early-stage organisations across identified sunrise sectors. Its investment model is a hybrid of accelerators and venture funding, providing both mentoring and growth capital for the organisations it invests in.

Launched in 2008, Max India Foundation (MIF) represents the Max Group's social responsibility efforts. The Foundation's work has been focussed on healthcare for the underprivileged and has benefitted more than 34 lakh people in over 800 locations since its inception.

Measures of Success

MFS Consolidated Revenues[1]

₹ 19,501 CR

↑ 19%

MFS Consolidated Profit after Tax[1]

₹ 416 CR

↓ 6%

Max Life Assets Under Management crossed

₹ 60,000 CR

↑ 20% to

₹ 62,798 CR

Max Life New Business Margin

↑ 22%

Max Life Embedded Value

₹ 8,938 CR

Operating RoEV

↑ 22%

Max Life Value of New Business

₹ 856 CR

↑ 30%

[1]As per IND-AS Consolidated Financials

Max Life Gross Written Premium

₹ 14,575 CR

17%

Max Life Sum Assured in Force

₹ 7,03,972 CR

38%

Max Life Claims Paid Ratio

98.7%

Max Life Conservation Ratio at

89 %

Max Life Shareholders' Profit After Tax

₹ 556 CR

Max Life Solvency Ratio

242 %

Our Path

Our Vision

To be the most admired company for protecting and enhancing the financial future of its customers.

Our Mission

- Be the most preferred category choice for customers, policy holders,shareholders and employees.
- Do what is right for our customers, andtreat them fairly.
- Lead the market in quality and reputation.
- Be the go-to standard for partnerships and alliances with all distributors and partners.
- Maintain cutting edge standards of governance.

Our Values

Sevabhav

We encourage a culture of service and helpfulness so that our actions positively impact society. Our commitment to Seva defines and differentiates us.

Excellence

We gather the experts and the expertise to deliver the best solutions for life's many moments of truth. We never settle for good enough.

Credibility

We give you our word. And we stand by it. No matter what. A 'No' uttered with the deepest conviction is better than a 'Yes' merely uttered to please, or worse, to avoid trouble. Our words are matched by our actions and behaviour.

Board of Directors

Analjit Singh

Chairman

Mr. Analjit Singh is the Founder & Chairman of the Max Group, a US $3.2 billion multi-business enterprise, with interests in life insurance (Max Life), healthcare (Max Healthcare), health insurance (Max Bupa), real estate (Max Estates), senior living (Antara) and speciality packaging (Max Speciality Films). Max Group is renowned for service excellence and has successful joint ventures with some of the pre-eminent firms, including Mitsui Sumitomo and Toppan from Japan, Life Healthcare from South Africa and Bupa Plc. from the United Kingdom. Earlier partners include DSM, Netherlands; New York Life Insurance Company; Hutchison Whampoa; Motorola; Lockheed Martin and others.

Amongst privately held family businesses, Mr. Analjit Singh is the founder of Leeu Collection, a group of leisure boutique hotels in Franschhoek, South Africa (SA); The Lake District, UK; and soon to be opened in Florence, Italy. Leeu Collection also includes a significant presence in wine and viticulture through Mullineux Leeu Family Wines; an active F&B portfolio of restaurants in partnership with Azure Hospitality, Ritu Dalmia, The La Colombe Group in Cape Town, SA and the Alajmo Group in Italy. Art and landscaping are significant differentiators in the hospitality businesses aided by a strong relationship with Everard Read, SA and Franchesca Watson.

A self-made entrepreneur, Mr. Analjit Singh was awarded the Padma Bhushan, India's third highest civilian honour, by the President of India in 2011. An alumnus of The Doon School and Shri Ram College of Commerce, University of Delhi, Mr. Analjit Singh holds an MBA from Graduate School of Management, Boston University. He has been conferred with an honorary doctorate by Amity University.

Professionally, he is the Non-executive Chairman of multiple Max Group companies - Max Financial Services, Max India, Max Ventures & Industries, Max Life and Antara Senior Living. He is also a Director on the Board of Sofina NV/SA, Belgium. Till August 2018, he was the Non-executive Chairman of Vodafone India.

Mr. Analjit Singh is a member of the Founder Executive Board of the Indian School of Business (ISB), India's top ranked B-School, and has served as the Chairman of the Board of Governors of Indian Institute of Technology (IIT), Roorkee - India's oldest and most prestigious engineering college, and Doon School, a premier Indian boarding school.

Mr. Analjit Singh has also served on the Prime Minister's Indo US CEO Council. He also served as the co-chair of Prabodhan, a unique forum for facilitating closer and more effective engagement between European and Indian decision makers and opinion leaders.

He has been felicitated by Senator Hillary Clinton, former US Secretary of State, on behalf of the Indian American Centre for Political Awareness for his outstanding achievement in presenting the international community with an understanding of a modern and vibrant India and for creating several successful JVs with leading American companies and promoting business ties with the USA.

He has been honoured with the Ernst and Young Entrepreneur of the Year Award (Service Category) and the Golden Peacock Award for Leadership and Service Excellence. In 2014, he was awarded with Spain's second highest civilian honour, the Knight Commander of the Order of Queen Isabella, and the Distinguished Alumni Award from Boston University. He also served as the Honorary Consul General of the Republic of San Marino in India.

Mohit Talwar

Managing Director

Mr. Mohit Talwar is the Vice Chairman of the Max Group. He is also the Managing Director of Max Financial Services Limited and Max India Limited, and Vice Chairman of Max Ventures & Industries Limited (MaxVIL). In addition, he serves on the Boards of Max Life Insurance, Max Healthcare, Max Bupa Health Insurance and Antara Senior Living.

In his earlier role as the Deputy Managing Director of the erstwhile consolidated Max India Limited, he successfully leveraged his strong relationships with institutional investors, hedge funds, banks and private equity firms, and led several complex corporate finance and financial structuring deals to ensure adequate investment and liquidity for the Group's operations. He has played a central role in executing key transactions, including the setting up of Max Bupa Health Insurance, bringing on board MS&AD Insurance Group Holdings as the new JV partner for Max Life and Life Healthcare's entry as JV partner in Max Healthcare, and later the equalisation of its stake in the business, and completing the mega restructuring of the erstwhile Max India into three new listed companies, which received a significantly positive reaction from capital markets. Mr. Talwar was instrumental in executing a stake repurchase transaction with IDFC Limited, and a transaction with IFC to repurchase its stake in Max Healthcare. He has also overseen key transactions in Max Ventures & Industries Limited, including the induction of Toppan Group as a JV partner in Max Speciality Films, and a 22.5% stake sale to New York Life's subsidiary.

A veteran in the Corporate Finance and Investment Banking industry, Mr. Talwar has a wealth of experience in Corporate Finance and Investment Banking, having spent 24 years in wholesale banking across global organisations such as Standard Chartered, ANZ Grindlays and Bank of Nova Scotia, prior to joining the Max Group.

Aman Mehta

Independent Director

Mr. Aman Mehta retired as CEO of HSBC Asia Pacific in January 2004, after a global career of 35 years, and returned to India on permanent resettlement. He serves as an Independent, Non-Executive Director on the boards of numerous public companies and institutions in India as well as overseas.

Ashwani Windlass

Director

Mr. Ashwani Windlass was part of the founding team at Max India, having served the Max Group in different capacities including as its Joint MD as well as MD, Hutchison Max Telecom from 1994 until 1998. He has continued as a Board member of the Company ever since. He has been the Chairman, MGRM (Asia-Pac) and Vice Chairman and the MD of Reliance Telecom.

He serves on leading advisory and statutory Boards, including MGRM Inc., USA, Hitachi MGRM Net Ltd., Vodafone Idea Ltd., Hindustan Media Ventures Ltd. and Jubilant FoodWorks Ltd.

He holds degrees in B.Com (Gold Medal), Bachelor of Journalism and MBA from Faculty of Management Studies, Delhi University.

Sir Charles Richard Vernon Stagg

Independent Director

Sir Charles Richard Vernon Stagg has been Chairman of Rothschild and Co, India since 2015. He is a Director of the JP Morgan Asian Investment Trust and a Trustee of the School of Oriental and African Studies in London.

Before joining Rothschild, Sir Richard was a career officer in the UK Foreign Service from 1977-2015. His last two postings were as High Commissioner in Delhi and British Ambassador in Kabul. From 2003-2007, he was Chief Operating Officer, responsible for the Foreign Office's global network of Embassies and Consulates. And from 2007-2017, in addition to his diplomatic responsibilities, Sir Richard was Chairman of FCO Services – a PSU providing secure services to the UK and foreign governments. Sir Richard has an MA in History from Oxford University.

D.K. Mittal

Independent Director

Mr. D. K. Mittal is a former Indian Administrative Service (IAS) officer from the batch of 1977 and has served the Government of India in various capacities, including Secretary, Department of Financial Services, Secretary, Ministry of Corporate Affairs and Additional Secretary, Department of Commerce.

Mr. D.K. Mittal has hands-on experience in Infrastructure, International Trade, Urban Development, Renewable Energy, Agriculture Development and Micro-Credit, Corporate Governance, Banking, Insurance, Pension and Finance. He holds a master's degree in physics with specialisation in Electronics from the University of Allahabad, India.

Jai Arya

Independent Director

Mr. Jai Arya is a member of the Board of the UK based research consultancy, the Official Monetary and Financial Institutions Forum (OMFIF). He is also Adviser to the Dean, NUS Business School, Singapore, as well as their Head of Executive Education. In addition, Mr. Arya has also been a Senior Adviser for Asian banking to a global consultancy firm, and has also consulted on a project basis for the Asian Development Bank.

Prior to this, Mr. Arya worked for Bank of New York Mellon for 27 years and Bank of America for 10 years, in various Asian locations. Before leaving BNY Mellon in April 2014, Mr. Arya was an EVP and global head of their business with sovereign institutions, as well as a member of the bank's Global Operating Committee and Asia Executive Committee. Earlier roles included Head of Asia Client Relationships and Asian country offices.

Mr. Arya received an MBA from the Faculty of Management Studies, Delhi University and a BA (honours) in Economics from St. Stephen's College, Delhi University.

Naina Lal Kidwai

Independent Director

Ms. Naina Lal Kidwai is an Independent Director, Max Financial Services and Senior Advisor, Advent Private Equity. She is also a Non-Executive Director on the boards of Nestle SA and CIPLA Ltd and has been Past President of FICCI (Federation of Indian Chambers of Commerce & Industry). She retired on December 2015 as Executive Director on the board of HSBC Asia Pacific and Chairman HSBC India. She is Chairman of the Harvard Business School, South Asia Board.

An MBA from Harvard Business School, she makes a regular appearance on listings by Fortune since 2002 and others of international women in business. She has received many awards and honours in India and was awarded the Padma Shri, for her contribution to Trade & Industry, from the Government of India in 2007. She has edited two books Contemporary Banking in India and 30 Women in Power: Their Voices, Their Stories.

Her interest in Water and the Environment and Empowerment of Women are reflected in her board positions of not-for-profit institutions like Shakti Sustainable Energy Foundation, The Energy Resources Institute, International Advisory Council of the Inquiry of United Nations Environment Program (UNEP), Commissioner for the Global Commission on Economy & Climate, Chair of FICCI's Water Mission and FICCI's Inclusive Governance Council and Chair of the India Sanitation Coalition.

She is one of India's representatives on the BRICS Business Council and India Malaysia CEO Forum, and is on the Governing Boards of the National Council of Applied Economic Research and ICRIER and also a member of Rajasthan Chief Minister's Advisory Council. She has been a member of the Government of India's Industry Task Force, the Prime Minister's Trade and Industry Council, the National Manufacturing Council, the National Trade Council, and on the Working Group on Banking, Financial Sector Legislative Reforms Commission and the National Institute of Bank Management.

Sahil Vachani

Director

Sahil Vachani is CEO & Managing Director of Max Ventures and Industries Limited, one of the three listed companies of the USD 3 billion Indian conglomerate – The Max Group.

He also serves as a Director on the Boards of Max Financial Services Limited and its subsidiary Max Life Insurance as a representative of the Owner Sponsor Group led by Mr. Analjit Singh.

Sahil joined the Max Group in 2016 with a focus on creating a powerful Real Estate brand – Max Estates Limited and steering MaxVIL's other businesses towards growth. Since assuming his role at MaxVIL, Sahil has successfully completed key transactions which will have an enduring impact on the Company's growth journey over the next few years.

Sahil has also facilitated intellectual & financial capital to promising and proven early-stage organizations across identified sunrise sectors led investments through, Max I.

Sahil started his career as an investment banker with Citigroup in London, where he worked on Mergers and Acquisitions across the Middle East and Africa region. In 2004, he joined Dixon Technologies, a consumer appliance manufacturing firm as Business Head and set up new verticals across multiple locations. He was also involved in the launch of new products, setting up of new manufacturing facilities and establishing relationships with leading brands as customers.

He then progressed as the Co-founder and Managing Director of Dixon Appliances Pvt. Ltd., where he was responsible for the business from inception including designing of products, building the team, setting up the manufacturing facility, operations and building relationships with leading brands in India such as Panasonic, Godrej, LG, among others. He holds a Bachelor's degree in Management Sciences from the University of Warwick, U.K. and an Executive Management Program on Disruptive Innovation from the Harvard Business School.

Sanjay Nayar

Director

Mr. Sanjay Nayar is a Member and CEO of KKR India. He is also a member of the Asia Portfolio Management Committee.

He is on the board of KKR's portfolio companies Alliance Tire Group, Bharti Infratel, Magma Financial Services, Dalmia Bharat Cement, and Coffee Day Holdings, and has had significant involvement with KKR's investment in Apollo Hospitals and Avantha. He also supports expanding the range of KKR's credit and capital markets offerings across the region.

Prior to joining KKR, he served as CEO of Citigroup's Indian and South Asian operations and as a member of Citigroup's Management Committee and Asia Executive Operating Committee. He also serves on the Committee of the Reserve Bank of India tasked with building a Centre for Advanced Financial Learning (CAFL).

Currently, he is on the board of Habitat for Humanity, Pratham and Grameen Capital, and is a founding member of the Brookings Foundation, India. He was recently appointed to the Board of Emerging Markets Private Equity Association (EMPEA) and serves as the Chairman of the Indian Private Venture Capital Association. In addition, he is also on the Board of the Indian School of Business.

Max Life Board of Directors

Analjit Singh
Chairman

Prashant Tripathy
Managing Director &
Chief Executive Officer

V Viswanand
Deputy Managing Director

Deepak Bhattasali
Independent Director

D. K. Mittal
Independent Director

Hideaki Nomura
Non-Executive Director

K. Narasimha Murthy
Independent Director

Marielle Theron
Non-Executive Director

Mohit Talwar
Non-Executive Director

Naoyuki Sakaki
Non-Executive Director

Pradeep Pant
Independent Director

Rajit Mehta
Non-Executive Director

Sahil Vachani
Non-Executive Director

Strategic Review

18-23

Chairman & MD's Letter

Dear Shareholders,

As you may recall, last year we had outlined a renewed growth plan for Max Financial Services Limited's (MFSL) sole operating subsidiary Max Life Insurance Company (Max Life). We shared with you Max Life's ambitious plans for its proprietary channels to nearly double its offices and rapidly increase its agency force while continuing to develop its digital and direct sales channels.

It gives me immense satisfaction to report that the Company has successfully executed its growth initiatives and has also grown faster than the life insurance sector. For MFSL, FY 2019 has been synonymous with meeting and exceeding expectations and achieving new success milestones.

Max Life's performance was a combination of stellar effort by its team along with a secular uptick in the Indian life insurance sector - a phase that started immediately after demonetization and led to savings shifting from physical assets to financial assets. This high point of India's life insurance industry has proved to be immensely beneficial for Max Life who outpaced the industry with a growth of 21%. Max Life now commands nearly 9.7% of the private life insurance market share.

Driven by Max Life's financial performance, MFS reported consolidated revenues of ₹ 19,501 crore, showcasing a growth of 19% over the previous year. Its consolidated Profit After Tax however was 6% lower than last year at ₹ 416 crore largely due to one-time expenses for pursuing an inorganic opportunity for Max Life and the impact of adopting accounting methodology, IndAS in FY2019.

> Max Life plans to achieve its target of 25% New Business Margin, Return on Embedded Value and 25% growth in Value of New Business through a well-defined strategy encompassing digitisation, a superior customer service experience, reinvigoration of its proprietary channels and an increased focus on protection products.

Max Life's success has been anchored by robust performance traversing multiple business metrics. The Company demonstrated growth across channels with Gross Written Premium of ₹ 14,575 crore, growing 17% over the previous year. New Business Premium stood at ₹ 5,160 crore, achieving a growth of 19% over the previous year. It also reported Market-Consistent Embedded Value (MCEV) of ₹ 8,938 Crore, with an Operating Return on EV (RoEV) of 22%. The Value of New Business (VNB) written during FY2019 was ₹ 856 Crore growing 30% over the previous year, and the New Business Margin (NBM) stood at 22%, 150 bps higher compared to the previous year. Max Life has also set a benchmark as a leader among industry peers with a Claims Paid Ratio of 98.7%, an improvement of 48 bps from last year.

The resolute focus on proprietary channels led to a robust 29% growth in new business from them. Digital and direct online sales in particular, now account for nearly 15% of Max Life's customers for the year.

The focus on proprietary channels did not however come at the cost of bancassurance which also witnessed a strong 18% growth on a relatively large base. Its bancassurance relationship with Axis Bank continues to be one of the fastest growing such partnerships in the Indian life insurance industry. Despite an open architecture set up at Axis Bank, Max Life continued to garner strong business volume at the bank in both individual and group categories. To enhance value creation for all its stakeholders, Max Life is actively exploring longer term partnership options that can further solidify its partnership with Axis Bank. At the same time, Yes Bank's exclusive relationship with Max Life also continued to gain scale, driven by growth of 34% in new business.

Great Place to Work Institute, in its annual listing in 2019, has ranked Max Life Insurance as the only life insurer amongst India's 'Top 100 Great Places to Work For'. This is a strong validation of the Company's talented & highly motivated team and a great work culture.

After exhibiting consistent financial growth across various parameters of business health and a steadfast commitment to securing the financial future of its customers, Max Life now has a clear focus to achieve its 25-25-25 vision by FY 2022. In simple terms, the Company is targeting 25% New Business Margin, Return on Embedded Value and 25% growth in Value of New Business. This will be accomplished through a well-defined strategy encompassing digitisation, a superior customer service experience, reinvigoration of its proprietary channels and an increased focus on protection products. The Company will continue to leverage smart technologies to ease the policy issuance journey for the customer and will deploy Artificial Intelligence (AI) in its customer service processes.

We are confident that Max Life will be able to achieve these milestones especially against the backdrop of a promising future for the Indian life insurance industry. The sector has the potential to grow at an impressive pace of 12% to 15% in the coming two - three years primarily powered by a wave of confidence in financial savings and investments, a healthy demand for protection and long-term saving products as well as increased awareness around the importance of financial planning.

It is our firm belief that given Max Life's top quartile position in the sector and a well articulated strategy backed by strong execution muscle, we will achieve the new growth milestone mentioned earlier, in a record time. This achievement will reap immense benefits for you, our shareholders. We look forward to your continuous support and belief in the Company's vision and thank each and every one of you for bestowing your faith in all our endeavours.

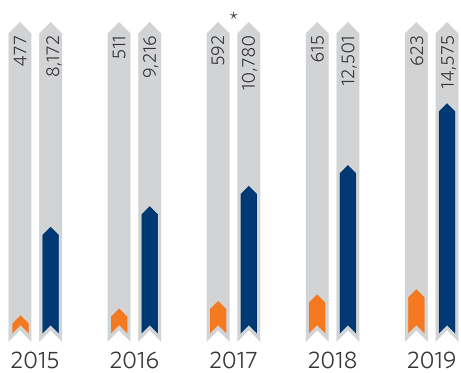
With Best Wishes and Kind Regards

Analjit Singh
Founder & Chairman

Mohit Talwar
Managing Director

Business Review

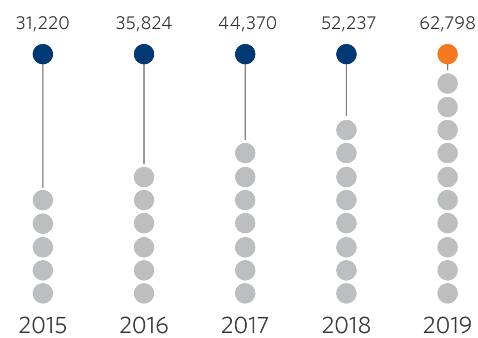
Shareholder Pre Tax Profit and Gross Written Premium



Consistently strong premium growth; Shareholder profits impacted by investments made for expansion to fuel future growth.

Shareholder Pre Tax Profit (₹ Cr) Gross Written Premium (₹ Cr.)

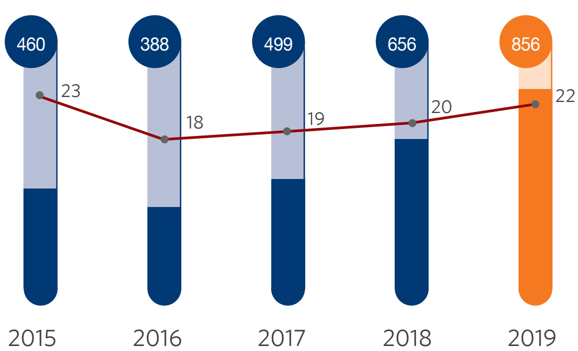
Assets Under Management



Max Life's AUM crosses ₹ 60,000 Cr. It is now the fourth largest life insurer in terms of AUM.

Assets Under Management (₹ Cr.)

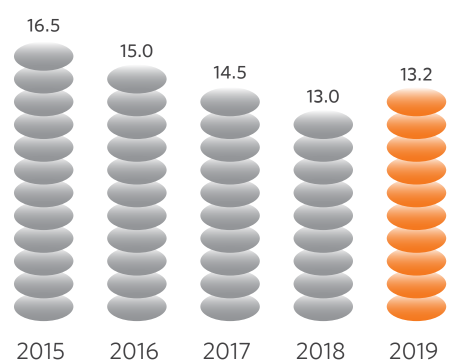
Value of New Business (VNB) and New Business Margin (NBM)



Higher Protection products sales and increase in Non-Participating business lead to growth in VNB and NBM.

Value of New Business (VNB) (₹ Cr) New Business Margin (NBM) %

Operating Expenditure Ratio (Opex/Net Premium)

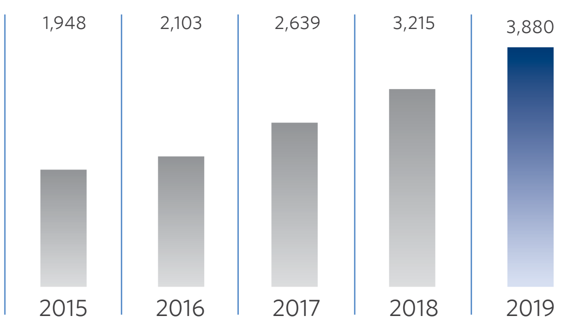


Change in Operating Expenditure Ratio driven by increase in operational efficiency and investment in proprietary channels.

Operating Expenditure Ratio (Opex/Net Premium)

*Adjusted for one-off adjustments

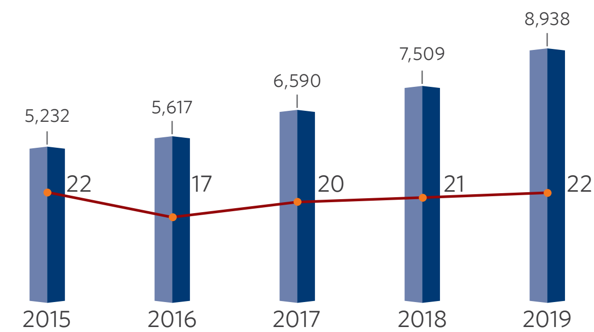
Individual Adjusted First Year Premium



Stable growth in New Business Premium backed by robust performance across channels.

Individual Adjusted Premium Equivalent (₹ Cr.)

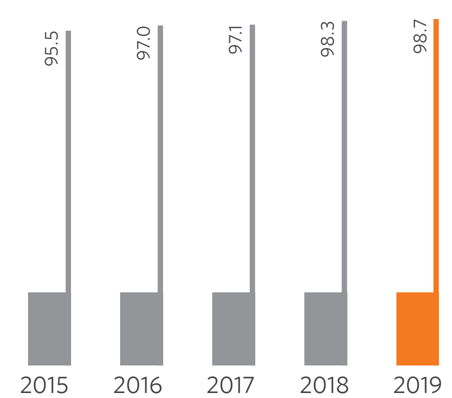
Embedded Value (EV) and Operating RoEV



New business growth and healthy experience in persistency & mortality drive EV and RoEV growth.

Embedded Value (EV) (₹ Cr.) Operating RoEV %

Claims Paid Ratio



Max Life continued leadership in Claims Paid Ratio in the life insurance industry. Paid death claims worth ₹ 452 Cr.

Claims Paid Ratio (%)

Conservation Ratio at
88.6%
lower than FY2018 by
102 bps

Solvency Surplus of
₹ 1,872 CR
Solvency Ratio at
242%

Management Discussion and Analysis

24-53

Management Discussion and Analysis
Max Financial Services Limited

Mohit Talwar
Managing Director

Sandeep Pathak
Company Secretary, MFSL & Head – Legal, Max Corporate

Sujatha Ratnam
Chief Financial Officer

Management Discussion and Analysis
Max Financial Services Limited

Max Financial Services ensures employee learning and development through innovative methods such as multiple talent management interventions, in-house training sessions as well as career development programmes

Max Financial Services Limited ('MFSL' or 'the Company') is a part of the $3.2 billion Max Group. It owns and actively manages a majority stake in Max Life Insurance Company Limited (Max Life), India's largest non-bank owned, private life insurance company. Max Life is a joint venture with Mitsui Sumitomo Insurance (MSI), a Japan-headquartered global leader in life insurance. After the demerger of the erstwhile Max India Limited in January 2016, MFSL became the first listed company in India focussing exclusively on life insurance, thus providing an opportunity for Indian investors to get access to a unique pure life insurance business. The Company currently holds 71.79% stake in Max Life as on date of this report.

In FY 2018-19, MFSL reported consolidated revenues of ₹ 19,501 crore, with an encouraging growth of 19% over the previous year. The Company reported consolidated Profit after Tax of ₹ 416 crore, 6% lower compared to the previous year, largely due to one-time expenses for pursuing an inorganic opportunity for Max Life and fair valuation impact as per the recently introduced accounting methodology, IndAS.

MFSL's sole operating subsidiary, Max Life, demonstrated Individual Adjusted Sales of ₹ 3,880 crore in FY 2018-19, growing 21% over the previous year. Key growth drivers for Max Life were growth of 29% in proprietary channels, growth of 17% in agency channels, 39% growth in customer advisory team channels and e-commerce growth of 73%. Bancassurance grew by 18%, driven by the growth of Axis Bank at 15% and Yes Bank at 34%. Max Life's Renewal Premium stood at ₹ 9,415 crore, increasing 15% over the previous year, while Shareholders' Profit Before Tax was ₹ 623 crore, marginally higher than the previous year, mainly due to higher investment income, better mortality experience and reserves realignment due to change in operating assumptions.

Max Life also reported Market-Consistent Embedded Value (MCEV) of ₹ 8,938 crore, with an Operating Return on Embedded Value (RoEV) of 21.9%. The Value of New Business (VNB) written during FY 2018-19 was ₹ 856 crore, growing 30% over

> Max Life's growth in FY2019 was fueled by 29% growth in its proprietary channels, 17% in agency, and an impressive 73% in its e-commerce channels. Bancassurance channel saw an increase of 18% driven by the growth of Axis Bank at 15% and Yes Bank at 34%.

the previous year, and the New Business Margin stood at 21.7%, 150 bps higher compared to the previous year. This was primarily driven by higher sales of Protection products, an increase in Non-participating (Non-PAR) business.

Max Life achieved a significant milestone this year with its Assets under Management (AUM) crossing the ₹ 60,000 crore mark for the first time. The AUM as on March 31, 2019 stood at ₹ 62,798 crore, growing 20% over the previous year.

Another benchmark set by Max Life was in the Claims Paid Ratio category. Already being an industry leader with the highest claims paid ratio of 98.26% in FY 2017-18, as per the Insurance Regulatory and Development Authority of India's (IRDAI) Annual Report, Max Life further improved the ratio by 48 bps to 98.74% in FY 2018-19.

Corporate Developments

Effective April 1, 2019, Mr. Rahul Khosla, who joined the Max Group in August 2011, transitioned from his role as Max Group President and Chairman of Max Life to a non-executive position. Mr. Analjit Singh, Founder and Chairman of the Max Group, took on the additional role of Non-Executive Chairman of Max Life. Mr. Analjit Singh is the sponsor and principal shareholder of MFSL, Max India Limited and Max Ventures and Industries Limited (MaxVIL). He had already been appointed as Director and Non-executive Chairman of MFSL earlier in FY 2018-19, in place of Mrs Naina Lal Kidwai, who had been serving as Chairman since January 15, 2016. Mrs. Kidwai continues to serve on the Board of MFSL as an Independent Director for her full term.

Another key appointment on the Board of the Company was of Mr. Sahil Vachani, Managing Director and CEO of MaxVIL, on May 25, 2018. He was also appointed to the Board of Directors of Max Life, effective May 18, 2018. Mr. Vachani joined the Boards of these companies as a representative of the Owner Sponsor Group led by Mr. Analjit Singh. Further, the Board of MFSL was strengthened by the inclusion of Mr. Jai Arya and Sir Richard Stagg, who were appointed as Independent Directors with effect from November 14, 2018 and February 11, 2019, respectively. Mr. Rajesh Khanna demitted the office of Independent Directors of both MFSL and Max Life with effect from February 11, 2019.

On December 31, 2018 Mr. Rajesh Sud, Managing Director and CEO of Max Life, demitted his office after 18 years at Max Life. As part of the transition in leadership, Max Life's CFO, Mr. Prashant Tripathy, was appointed as Max Life's MD and CEO. Mr. Prashant Tripathy is leading Max Life's vision to be a 25:25:25 company by 2022, i.e., 25% VNB growth, 25% margin and 25% RoEV. In addition, Mr. V. Viswanand, previously Chief Operations Officer for Max Life, was appointed as its Deputy Managing Director.

> Max Financial Services' sole operating subsidiary Max Life will strive to achieve its objective of 25:25:25 growth by 2022 on the parameters of Value of New Business, New Business Margin and Operating Return on Embedded Value.

Human Resources

MFSL remained steadfast in its focus on building effective corporate governance, a diverse work culture and a pipeline of talented and motivated individuals. This was primarily done through innovative methods of employee learning and development. Some of these efforts include multiple talent management interventions, in-house training programmes as well as sponsoring employees to attend external training and career development programmes for improving their functional and managerial effectiveness.

Communication is key to a well-functioning organisation. To ensure transparent communication, a refreshed purpose and the Company values of Sevabhav, Credibility and Excellence were disseminated to the entire management. The Company also maintains a fluid and agile organisational structure that allows for effective communication channels to ensure they all are aligned to the common business goals and strategy.

Outlook

As its sole operating subsidiary, Max Life largely shapes the outlook for MFSL. Max Life will strive to achieve its clear vision of 25:25:25 growth by 2022 on the parameters of VNB, New Business Margin and RoEV. The management's focus will also include the launch of initiatives identified as part of the agency excellence programme in collaboration with New York Life consultants.

Max Life will also continue to explore options to further cement its partnership with Axis Bank for the long term, to ensure continued value creation for all its stakeholders.

Further, Max Life remains committed to business development by targeting new customer segments for new products and pursue new corporate agency partnerships to bolster its distribution capabilities.

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Prashant Tripathy
Managing Director & Chief Executive Officer

Aalok Bhan
Director & Chief Marketing Officer

Amitabh Lal Das
Director and Head Legal, Compliance & Regulatory Affairs

Jose John
Director & Appointed Actuary

Manik Nangia
Senior Director & Chief Operations Officer

Mihir Vora
Director & Chief Investment Officer

Shailesh Singh
Director & Chief People Officer

V. Viswanand
Deputy Managing Director

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Max Life bags "Sectoral Winner" in the BFSI category by ASQ SATEA 2018 for the project 'Enhancing S2R conversion percentage in select 60 offices in the Agency channel'

Macro-Economic Review: Consumer Optimism Fuelling Growth

In a year that was the run-up to the 17th general election in the world's largest democracy, the Indian economy grew at ~7% according to latest Reserve Bank of India (RBI) estimates, declining to a five-year-low growth rate. Despite this, India retained its position as one of the world's fastest growing major economies. The RBI reduced the repo rate by 25 basis points to 6% towards the end of the FY2019. Aided by steady consumer optimism, the Sensex recorded the biggest gain in the last four years, with 17.3% gain for FY2019. Inflation was kept in check through the fiscal, with consumer spending being at a high on the back of digitisation, globalisation, favourable demographics and reforms.

The World Bank estimates that Indian GDP growth rate would accelerate to about 7.5% in the coming fiscal on the back of resilient consumption and continued investment spending. Despite a spike in international crude oil prices, strengthening of the Dollar and the US-China trade war, India held its ground with recent International Monetary Fund (IMF) data suggesting that India is the fastest growing large economy, and this is expected to continue over the next few years as well.

All in all, on the back of consumer optimism, steady investments and the optimism of a newly re-elected government, the foundation has been set for a positive growth trajectory in financial services sector, specifically the life insurance sector.

Industry Developments – Leveraging the Financialisation of Household Savings

On the back of two years of consistent 20%+ growth of the life insurance industry in India, FY2019 saw a comparative growth slowdown. The top-line growth, in terms of Adjusted Individual First Year Premium, was at 9% for the Indian life insurance industry in FY2019, with private life insurance companies recording a 12% growth and holding a 58% market share. The industry has the potential to grow at a steady pace of 12-15% over the next 2-3 years. This is due to a strong and continued customer confidence in financial savings and investments, a steadily increasing awareness of life insurance and its importance in financial planning, and a healthy demand for protection and long-term savings products. Added to this, the evolving socio-economic structures in the country, such as nuclearisation of families, a concentration of wealth and jobs in urban centres, and millennial lifestyles and spending preferences are all giving the industry the required thrust towards sustained growth. However, there remains a need to continue working on creating awareness about the true benefits of life insurance. Despite this growth, life insurance penetration is still at a low 2.76% and there exists an estimated protection gap of around ₹ 480 lakh crore, as per the IRDAI Annual Report 2018.

The trends witnessed over the last few fiscals in the life insurance industry, on parameters such as persistency ratios, claims settlement ratios, ability to provide steady returns to customers, a focus on increasing the overall quotient of financial protection in the country and corporate governance and transparency, have not only been positive but promising of future growth of the industry.

Max Life Insurance: Strategy to consistently Deliver Profitable Growth

Over the last nearly two decades, Max Life Insurance has created a strong business architecture to consistently deliver profitable growth while securing the financial future of our customers.

It is the Company's aim to deliver a 25-25-25 vision by FY2022. This means that the Company has the ambition to deliver Value of New Business (VNB) of 25%, New Business Margin of 25% and Return on Embedded Value (RoEV) of 25%.

During FY2018, the management team of Max Life undertook an in-depth exercise to identify its strategic priorities for the period FY2019-21. These six strategic priorities have been identified keeping in view the socio-economic changes India has witnessed, insights from key stakeholders, including our customers, and the strengths of Max Life Insurance:

1. Expanding Reach of Proprietary Channels to Fuel Further Growth –

Max Life has always believed in having a balanced multi-channel distribution architecture, with the proprietary channels at the core. After almost a decade of working towards building a more efficient agency distribution, achieving leadership in online term plan and scaling up the Customer Advisory Team (CAT) channel, Max Life decided to expand its agency distribution by opening over 150 new office units by mid-FY2020. This will help increase the share of proprietary channels in the Company's distribution mix. At the same time, Max Life will continue to strengthen its existing relationships with valued bancassurance partners - Axis Bank, Yes Bank, Lakshmi Vilas Bank and multiple urban co-operative banks. Group business, with its focus on Group Credit Life and Group Term Plan, will continue to contribute to protection push of the Company.

2. Knowledge Partnership with New York Life -

Max Life entered into a knowledge partnership with former executives of New York Life to share insights and best practices to help Max Life drive efficiency in agency distribution. Former executives of New York Life will lend their expertise gained from successfully working in the world's largest insurance market on smart recruitment strategies, agent/office productivity enhancements, improvement in agent advisor management, sharper target segmentation, specialised techniques towards enhanced performance and leadership training development in order to drive scale, throughput, profitability and quality. These individuals will also help Max Life drive leadership development (office heads, regional managers and Zonal Vice Presidents) to groom and retain the best-in-class talent and support the expansion of the business.

This consultancy team will work alongside Max Life management and create a co-branded knowledge and leadership programme that will help drive efficiency and productivity in the Max Life agency distribution channel. The programme will be jointly developed by Max Life and the consultancy team to provide global best practices through online and offline manuals.

Max Life also announced a separate agreement with New York Life for New York Life to provide certain offshore support services to its former executives and to assist Max Life in the promotion of the knowledge partnership.

3. Enhancing Customer Experience for Continuous Growth –

Max Life has always been among the leading players in customer centricity. In an independent survey by Kantar IMRB, Max Life emerged as the leading company on customer loyalty with a loyalty score of 77%. The Company plans to further enhance its customer focus and gain undisputed leadership on key customer parameters over the years to come.

Prompt settlement of death claims is the most important promise a life insurer makes at the time of selling a life insurance policy.

Max Life plans to expand its agency distribution by opening over 150 new office units by mid-FY2020. This will help increase the share of proprietary channels in the Company's distribution mix. The Company will also continue to strengthen its existing relationships with valued bancassurance partners.

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Max Life wins top position in the 'New Product Development & Customer' category of the CII Six Sigma Awards

With the launch of InstaClaim™ for our vintage policyholders (i.e., policies that have been in force for at least 3 continuous years with us), Max Life's endeavour is to provide death claim payment within 1 day. Currently, ~ 55 % of claims are settled within a day.

With our investments in fraud management and usage of robust analytical models, the Company became an industry leader in Claims Paid Ratio with a value of 98.26% in FY2018 (per IRDAI Annual Report 2018) and further improved its Claims Paid Ratio in FY2019 by 48 bps to 98.74%. Max Life paid 14,897 death claims worth ₹ 452 crore during FY2019. Since inception, Max Life has paid ₹ 2,668 crore death claims to 97,369 families.

Ongoing improvements in our structural solutions and services in order to improve our persistency is one of the key focus areas of Max Life. During the year, 13th month persistency of the Company went up to 83% and 61st month persistency stood at 53%.

From FY2019, Max Life started tracking performance on customer engagement and satisfaction through Net Promoter Score (NPS), which reflects the difference between promoters and detractors of the Company. By doing so, the Company aims to get greater insights in what delights or detracts customers to buy and recommend our policies and further implement corrective actions to ensure that we meet our customers' expectations. During FY2019, we witnessed an improvement of 8% in our NPS scores.

4. Leveraging Cross-sell Opportunities for Future Growth -

LIMRA (formerly Life Insurance and Market Research Association) studies have indicated that on an average, a consumer buys 6-7 unique policies during his/her lifetime. Max Life has jumped from the 6th position last year to be the leader among 13 leading life insurance companies, including LIC, in the Kantar IMRB survey mentioned earlier. With this, the Company has an opportunity to get greater share of wallet when our policyholders plan to buy new policies. Keeping these factors in mind, Max Life has decided to make efforts to sell more policies to its existing base of over 34 lakh policyholders. This will not only help us accelerate our growth in the top line, but will also enhance policyholders' loyalty with the Company and hence, improve the persistency.

5. Protection Focus –

With a protection gap of ₹ 480 lakh crore as per IRDAI, India is grossly under-protected. The true differentiator for life insurance is its ability to offer protection against the risk of unforeseen eventualities of life and help loved ones achieve their life goals Pure protection policies are the most cost-effective way for life coverage for a customer. Over the years, Max Life has been committed to increasing the financial protection of Indian households. It is already one of the leading players in individual protection space and plans to further strengthen its position through enhanced focus in this area.

In FY2019, to further this commitment and to showcase the level of under-preparedness to face a financial instability in case of death of a breadwinner, Max Life embarked on a one-of-of-its-kind urban survey called the Max Life Insurance India Protection Quotient in association with Kantar IMRB. The survey was conducted across 15 metros and Tier 1 cities in India covering over 4,500 respondents. The survey determined policyholders' level of protection by evaluating their life insurance ownership, awareness levels and mental preparedness around protection.

It measured the level of knowledge and ownership of various life insurance products, degree of term insurance preference and penetration, primary fears and triggers to life insurance purchase, preferred channel of policy purchase and roadblocks to owning life insurance. The survey revealed that the overall IPQ level is pegged at a poor 35 out of 100, confirming the fear that India feels inadequately prepared to face the eventuality of loss of life, disability and critical illness.

Key Findings of Max Life Insurance India Protection Quotient

1. While two-third of urban India owns life insurance, only one-fifth of Indians own term insurance and close to 53% are unaware of term insurance and its benefits
2. Threat to financial security and inability to sustain current lifestyle are among the greatest fears. Over 80% Indians are unaware of the cost of treatment for critical illnesses such as heart disease or cancer. Only 10% term plan buyers invested in any critical illness rider.
3. Delhi has highest on protection quotient, while South and East India lead term insurance adoption.
4. With IPQ of 46, women grossly under-protected in India. Only 33% women save for future stability.
5. Millennials prioritise spends on luxury and travel over protection and retirement planning. 43% not even thinking of protection of their families.
6. Faith in God is holding India back. Death is still a taboo; over one-fifth (21%) do not like to think of it.
7. 79% urban Indians still show a preference to purchase life insurance from agent advisors.

6. Digitisation –

India is on a digital superhighway. Indians are spending their time online – on social networking sites, chatting, streaming videos, listening to music and engaging with each other through the virtual world now more than ever before. With the economy moving to digital transactions and payments, customers can shop, bank, pay bills and transfer money at the click of a smartphone. As industry leaders in the term plan space, Max Life has not only been a leading player in e-commerce, but today welcomes one in every 4 customers through the digital door. The Company has created digital enablers across the customer life cycle to create seamless, frictionless journeys. Leveraging the digital revolution, Max Life has launched certain applications to extend its services to customers:

- **Help me faster –**

Max Life has launched smart digital tools to enable agent advisors to reduce time to application, reduce error rates, solve customer queries on-the-go and trigger reminders for premium payments, among other things. Our online portals offer self-servicing options with chatbot assistance to enable customers to check details of their policy, or to make changes or updates such as address change, etc. This not only tremendously increases convenience for the customers with 24X7 service availability, but also increases accuracy of inputs as it's being done by the customer themselves.

- **Know me better –**

With the help of data-driven analytics, Max Life is able to offer products and services through the various life stages of a customer, customising them to meet various life goals such as protection, wealth creation, child's education or retirement. Data-driven insights not only help sellers and agent advisors pitch an appropriate solution to a prospective customer, but also assist in selling better.

- **Wow me everywhere –**

Today, brands need to consider how their experiences across media, channels and devices fit together to provide a holistic experience for the customer. Max Life has built an omni-channel approach to digitisation into its growth strategy for the long term.

During FY2019, many initiatives were taken to move towards being a truly digital organisation and deliver many industry-first digital processes. Some of them are explained below:

- A completely revamped customer on-boarding journey was built to deliver the smart Artificial Intelligence (AI) based fastest issuance journey for new business. Group business was digitised for its end-to-end sales process with Maxima, the first-of-its-kind digital tool. Our online presence got stronger with enhancements of our web tool, NEO, and the introduction of a need analysis journey for customers. In our endeavour to provide one-touch customer servicing experience to all our customers, most of the service transactions have been made available online.
- Digitally enabled offline distribution network is critical to

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A newspaper advertisement highlighting Max Life achieving the highest Claims Paid Ratio in the industry of 98.26%

the success of the life insurance industry. Agent recruitment process was made paperless with mRec, the only tool on mobile to offer end-to-end lead creation to agent on-boarding. All the key seller processes are now available on mobile and 95% of our offline sale is completed digitally.

- Max Life also introduced many firsts for employee lifecycle management and collaboration on mobile.

7. People: The Foundation and Support for Consistent Growth –

Inspiring leadership, improving employee experience and contemporising people practices are key drivers of Max Life's high-performance culture. Throughout the year, initiatives on supporting performance, celebration of personal and professional milestones, and volunteering for social impact were planned at the local and organisational level. We continue to seek feedback from employees through our annual employee engagement survey (in partnership with one of the largest global survey companies), and leverage internal employee lifecycle surveys during on-boarding and external assessment of people practices and employee experience by participating in the annual Great Place to Work Study.

Max Life ranked 43rd in the 2018 study conducted by the Great Place to Work, India and The Economic Times. In its 2019 edition, the Great Place to Work Institute, India, recognised Max Life among the Top 20 workplaces in the Banking, Financial Services and Insurance (BFSI) category; the overall ranks are still awaited.

Max Life becomes the official life insurance partner for the Royal Challengers Bangalore in IPL 2019, driving the message of "Protection Front Foot Pe"

In the 2019 annual employee engagement survey, Max Life scores are reported to be ahead of all industry or global benchmarks.

Max Life employees are now on the Workplace by Facebook platform. We are seeing significant traction in terms of real-time updates, leadership communication and interaction among employee communities.

Pehal, our employees volunteering programme, continued its momentum where over 4,250 employees and agent advisors across geographies participated in social causes such as financial literacy, sapling plantation, healthcare, blood donation, immunisation and health camps, as well as collection and distribution of goods for the underprivileged section of the society.

At our Founders' Day, a record 464 employees were recognised with long service awards for completing 10 and 15 years of service with Max Life. Over the last year, Max Life's attrition for top talent came down from 12.7% to 11%

The Max Life Brand: Re-energised to Support Exponential Growth

Customer obsession has been the key pillar of our brand strategy over the years. Our refreshed and re-energised view of the Max Life brand has been crafted around this obsession. The platform 'You are the Difference' has been conceptualised with a sharp focus on the role of the customer and the key need of protection.

Our brand positioning of 'You are the Difference' was introduced with our Claims Paid Ratio leadership campaign – integrated with

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a radio channel media partnership to deliver the impact of 'khushi' for the customer.

Extending this customer obsession, we launched a category leadership narrative around protection with the 'India Protection Quotient'. For this initiative, we had an exclusive media partnership with the leading news network, NDTV, leveraging the research insights across cohorts, building conversations with industry experts and Max Life leaders. Online and social presence (with influencer outreach) further strengthened this programme. The campaign also helped open more doors for our offline sellers with focused conversations around protection-led term plans.

Health and wellness is a leading conversation for our customers and we leveraged the same by delivering an ecosystem of 'Community Run'. The core idea was to make 'You are the Difference' the heart of 'mindful living'. 'Be Healthy, Be Protected, Be Happy' was the theme of the community run called 'The Run', which took place in Gurugram and Bengaluru.

We rounded up the year with our partnership with the Royal Challengers Bangalore (RCB) IPL team.This execution further strengthened the protection imagery for the brand Max Life as we were the insurance partners of Team RCB. The campaign focused on Top 8 markets under the umbrella 'Protection Front Foot Pe'.

While we leveraged our marketing efforts with the above campaigns around 'You are the Difference', customer experience was enhanced with the launch of the 'Super Customer Week'

Max Life's 'Super Customer Week' aims to educate customers through innovative activities at branches across the country each month

programme. Engagement with existing customers was the core theme of this programme and we leveraged our field presence with 205+ field offices to deliver impact. Every month, one week is celebrated as e 'Super Customer Week' with focus on service camps, health camps and tax camps. Max Life won the silver medal at ACEF Global Customer Engagement Awards under the 'BTL Activities Effectiveness' category.

We also made our policy pack delightful for the customers with the introduction of 'Concise Policy Pack', which was delivered basis extensive work on making the language of the policy pack simpler and customer focused

> Max Life's monthly 'Super Customer Week' was focused on educating customers about the need for protection and the benefits of various life insurance plans and tax savings through life insurance.

Insurance Awareness: Our Responsibility as a Leading Player

Max Life believes that it is important for Indian consumers to be aware of the true purpose of life insurance. Various surveys by leading research agencies have indicated that while a large number of Indians are aware of life insurance plans, ownership of term insurance is low and consumers are not aware of the role life insurance can play in building a financially secure nation. As a responsible life insurance company, Max Life continued to work towards increasing awareness about life insurance and financial concepts among its existing and prospective life insurance customers. Max Life worked on four specific themes:

- **Campaign on the benefits of life insurance**

Max Life has engaged with people at large through our own social media assets to educate them about the importance of life insurance as a financial solution for protection and for meeting life stage needs. We reached out to 1.48 crore people through this means. In addition, 100 articles related to life insurance were posted on leading portals. We also utilised the reach of print, television and digital media through participation in life insurance related stories and authored articles. During the year, we launched the monthly 'Super Customer Week' to connect with average 1.73 lakh customers who walk into our branches across the country. During this week, multiple activities were carried out across our branches through which customers were educated about the need for protection, and benefits of various life insurance plans and tax savings through life insurance. In addition, articles on how to get the best out of life insurance plans were also sent through email to our existing customers.

Highlights for the year ended March 31, 2019 are as under:

Particulars	FY2019 (April 2018- March 2019)	FY2018 (April 2017-March 2018)	Growth %
Financial Performance			
New Business Premium (First Year Premium and Single Premium)	5,160	4,349	19
Adjusted Individual First-year Premium*	3,880	3,215	21
Renewal Premium	9,415	8,152	15
Commission Expenses	989	893	11
Operating Expenses (Policyholders)	1,929	1,612	20
Shareholders Profit / (Loss) After Tax	556	528	5
Dividend paid (Net of Dividend Distribution Tax)	397	285	39
Key Business Parameters			
Solvency Ratio	242%	275%	-12
Share Capital (Including Reserves and Surplus)	2,767	2,689	3
Assets Under Management	62,798	52,237	20
No. of Policies in Force ('000s)	4,320	4,085	6
Sum Assured in Force	7,03,972	5,11,541	38
No. of Employees	12,082	10,226	18
No. of Offices	239	203	59

*Adjusted First-year Premium = Individual Regular First-year Premium plus 10% of Single Premium

▪ Campaign focusing on protection of consumers

Fraudulent activities and spurious calling to defraud life insurance consumers is a reality that the life insurance industry is addressing through individual and joint efforts. During the year, a video was created on how to protect oneself from such activities and was shared with the Company's existing policyholders and posters were displayed in own and partner branches. Leaflets having information on how to protect from fraudulent activities was also sent to new policyholders as part of the policy pack.

▪ Campaign for children and youth

Max Life continued its engagement with school children to provide financial literacy and insurance awareness during the formative years. Max Life's employees educated 3,924 students at 52 schools about basic concepts such as money, savings, investment, etc. and also provided information on various financial instruments and government insurance schemes.

▪ Campaign for the underprivileged and rural population

Max Life, in association with Max India Foundation, adopted Dhakrani village in Uttarakhand in 2015. Our employees and agent advisors have been carrying out door-to-door financial literacy campaigns in the village. In FY2019 as well, employees and agent advisors of the Company reached out to 850 households in Dhakrani village.

Max Life also led the industry initiative on insurance awareness launched under the aegis of the Life Insurance Council. Max Life's MD & CEO holds the position of Chairman of Insurance Awareness Committee formed by the Council. During the year, all life insurance companies, including LIC, were brought together through this common platform and an agreement was reached to create a common corpus for insurance awareness campaigns. Significant progress was made in selecting the right agency partners for creative, PR, digital and media buying.

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Key Performance Indicators

In FY2019, Max Life secured a gain of 70 bps in market share achieving 9.7% market share among the private players and maintaining its 4th rank. At an industry level, including LIC, Max Life had a 5.6% market share, a gain of 50 bps.

During the year, First Year Premium (Individual + Group) for Max Life increased by 19% to ₹ 5,160 crore. In terms of individual adjusted first-year premium, the Company recorded a 21% growth to ₹ 3,880 crore.

Renewal premium income grew by 15% to ₹ 9,415 crore, taking the Gross Written Premium (GWP) to ₹ 14,575 crore, an increase of 17% over the previous financial year.

The operating expenses (of policyholders) to net premium ratio marginally increased from 13% in FY2018 to 13.2% in FY2019, primarily on account of investment in future growth of the proprietary channel and the minor increase in the cost (commission plus policyholders' operating expenses) to net premium ratio from 20.22% FY2018 to 20.23% in FY2019. Max Life generated a post-tax shareholders profit of ₹ 556 crore in FY2019 as compared to ₹ 528 crore in the previous financial year, recording an increase of 5%. The Company announced shareholders' interim dividend (net of Dividend Distribution Tax) of ₹ 234.10 crore and the Board recommended a final dividend (net of Dividend Distribution Tax) of ₹ 163.1 crore during the year, which takes the total dividend distribution to 21% of the face value of each share.

Pillars of Growth – Business Area Performance

Max Life is happy to report a strong performance across various operational areas.

Strong Multi-channel Distribution Architecture

Distribution is the core strength of any organisation in a country as large and diverse as India. In life insurance especially, this is apparent in the varied ways in which consumers prefer to engage with an insurer, through an agent advisor, banker or directly online through a self-serve platform. Max Life has always believed that for consistent growth, the Company must nurture its multi-channel distribution architecture with its proprietary channels at the core. Over the years, the Company has created an admired agency distribution channel, stable and high-performing third-party distribution relationships, leading e-commerce channel as well as the ability to explore new distribution formats.

> Max Life entered into a knowledge partnership with former executives of New York Life to help achieve efficiency in agency distribution. This team will create a co-branded knowledge and leadership programme to drive efficiency and productivity in agency distribution.

Proprietary Distribution Channels

Through the fiscal, the proprietary channels recorded a growth of 29% and thus, increased their share in Adjusted Individual First-year Premium from 26% in FY2018 to 27% in FY2019. The agency distribution, customer advisory team and e-commerce witnessed strong growth momentum through the year, as well as improved performance in terms of the quality of business. At the same time, the Company has been a leader in new distribution models such as insurance marketing firm, agency partner channel, defence channel, etc.

Here's a quick summary of each of the distribution models of Max Life

Agency distribution –

Over the last 10 years, the focus has been on improving the efficiency and productivity of agency distribution. In FY2019, the Company has taken significant steps to bring alive its strategic imperative of increasing the share of proprietary channel to 40% over the next few years and hence, has decided to increase the distribution footprint of agency distribution and opened 119 new office units. Going forward, the focus will be on retention and success of Agency Development Managers (ADM) and agent advisors by building a strong coaching and learning culture with a growth and entrepreneurial mindset.

Within agency distribution, Max Life carved out the Agency Partners Channel, which is driven by a variable agency model and which leverages recruitment through a higher variable construct. This channel had more than 700 leaders and 2,000+ agent advisors. This model has shown promise in its first full year of functioning.

Army personnel of the country remain at the forefront to provide protection to the country. To bring additional focus to this segment of the society, Max Life created a new team within agency distribution to provide relevant life insurance solutions to them. These new initiatives provided further impetus to the growth momentum of agency distribution and contributed more than 5% of the new business of the channel.

During FY2019, Max Life entered into a knowledge partnership with former executives of New York Life with the objective of sharing insights and best practices to help Max Life's efficiency in agency distribution. The team comprises three recently retired,

The India Protection Quotient survey conducted by Max Life in association with IMRB paves the way for increasing the nation's financial protection

highly experienced stalwarts who were the leading agency business officers for New York Life. This consultancy team will work alongside Max Life's management and will also create a co-branded knowledge and leadership programme that will help drive efficiency and productivity in Max Life's agency distribution channel. The programme will be jointly developed by Max Life and the consultancy team to provide global best practices through online and offline manuals.

- **Customer Advisory Team –**

At Max Life, no customer is orphan as we have created a Customer Advisory Team (CAT) to meet the needs of customers whose agent advisors are no longer part of the Max Life system. The service-to-sales model for this direct-to-customers channel worked well during FY2019, including an expansion of its team to record high growth. This channel doubled its sales in just two years and leads the 13th month persistency across the Company's multiple channels.

- **Online channel –**

For the new-generation consumers, online is the go-to channel for almost all their needs. Max Life continued to be among the leaders in online term plans, recording a strong growth on an ever-increasing base. Almost 15% of Max Life customers came through the online channel.

Max Life Online Term Plan became the most considered brand when it comes to buying term plans online. Through its search engine optimisation expertise, Max Life achieved leadership in Brand+Term search across life insurers. The Company also continued to be the leading life insurer across web aggregators and digital brokers.

- **New channels -**

Max Life has been leading the industry in adoption of new distribution designs. During the year, the Company expanded the IMF channel by adding 40 more IMF partners. The license of few of the IMFs also came up for renewal. Max Life also expanded

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the number of Insurance Managers, a channel that provides the flexibility to work part-time to those who have an entrepreneurial drive.

Third-party Distribution

- **Axis Bank –**

The relationship between Max Life and Axis Bank, which has the vision to be the most admired bancassurance relationship, is one of the fastest growing bancassurance relationships in the Indian life insurance industry, with both partners committed to provide superior value to their customers. Max Life continued to dominate the life insurance counter in the banks in both individual and group business, despite an open architecture set up.

- **Yes Bank –**

The bancassurance relationship between Yes Bank and Max Life continued to gain scale with strong growth performance during the year. With the new leadership team at Yes Bank, Max Life plans to take this relationship to the next level.

- **Other bancassurance relationships –**

With the introduction of open architecture, Max Life's relationship with Lakshmi Vilas Bank witnessed some decline in new business, but we expect a turnaround in the coming years. Our Urban Co-operative Banks (UCB) partnerships recorded performance in line with the plans.

Group Business

Group business registered growth of 19% in FY2019 to achieve ₹ 468 crore of new business. Group business added 351 new clients in Group Term Life and 23 new clients in Group Credit Life. In addition, the business also added 13 new affinity partners.

A Balanced Product Mix: Delivering on Growth

Max Life has always believed that a well-balanced product mix is key to serving the needs and financial goals of varied customers, while delivering consistently on profitable growth. The Company maintains a balanced product portfolio with an optimal mix of traditional savings cum protection plans, unit-linked plans and pure protection.

During FY2019, it added new products to its portfolio, both in the group and individual space. For group business, Max Life launched the Group Term Life Platinum Assurance plan, a group term insurance plan covering all employer-employee and non-employer-employee groups. For individual business, the Company launched the Savings Advantage Plan, a feature-rich traditional participating endowment product, offering guaranteed and non-guaranteed benefits, flexibility in premium payment and policy terms, among others.

Protection continued to be a key focus area and in FY2019, one in four individual policies underwritten by Max Life was a protection policy. Of the new business premium, including individual and group business, protection share increased from 7.7% in FY2018 to 9.9% in FY2019. This also resulted in 38% increase in Sum Assured of in-force policies to ₹ 7,03,972 crore.

> Max Life emerged as a leader in online term plans, with almost 15% of its customers signing up online. Max Life Online Term Plan became the most considered brand when it comes to buying term plans digitally. The Company is also the leading life insurer across web aggregators and digital brokers.

Cost Management

The operating expenses (policyholders) to net premium ratio of Max Life marginally increased from 13% in FY2018 to 13.2% in FY2019 primarily on account of investment in future growth of the proprietary channel. The cost (commission plus policyholders' operating expenses) to net premium ratio remained stable at 20.2% in FY2019 (marginal increase of 1 bps).

Policyholder Bonus

As per the design of our participating products, the Company annually reviews the performance of its in-force business to determine the non-guaranteed bonuses payable to its existing participating policies.

The recommendations for the participating policyholder bonuses applicable during the period from July 1, 2019 to June 30, 2020 are being made using the asset share framework, taking into account the experience of the fund during the year as well the expected performance of the fund in the future. The methodology and assumptions used to calculate such bonuses are consistent with the established principles and practices documented in the Principles and Practices of Financial management (PPFM).

On the advice and recommendation of your Company's appointed actuary, the Board of Directors approved to:

- Marginally reduce the 2018 regular bonus rates by 1.5% for its Monthly Income Advantage Plan
- Maintain the 2018 regular bonuses for all other products

• Pay terminal bonuses to maturities and eligible deaths such that the final payouts are aligned to the asset share and meet policyholders' reasonable expectations based upon issued benefit illustrations.

The total cost of regular bonus payable for the next 12 months starting June 2019 is estimated to be ₹ 1,222 crore, an increase of ₹ 169 crore from the bonus distributed last year amounting to ₹ 1,084 crore. In addition, the payment of terminal bonus on eligible deaths and maturities has been approved, the cost of which is estimated to be circa ₹ 20 crore.

A Robust Risk Management Framework to Address Enterprise-wide Risks

The Company's overall approach to managing risks is based on the 'three lines of defence' model with a clear segregation of roles and responsibilities for all the lines. Business managers are part of the first line of defence and have the responsibility to evaluate the risk environment and put in place appropriate controls to mitigate such risks or avoid them. The Risk Management Function, along with the Compliance Function, form the second line of defence. The Internal Audit Function guided by the Audit Committee is the third line of defence and provides an independent assurance to the Board. The Statutory Auditors and regulatory oversight aided by the Appointed Actuary in his/her fiduciary capacity is also construed to provide an additional third line of defence.

Risk management activities are supervised on behalf of the Board by the Risk, Ethics and Asset Liability Management Committee (REALM), whose responsibilities conform to those prescribed by the Insurance Regulatory and Development Authority (IRDAI) . The Management Risk Committee, chaired by the MD & CEO and supported by the Operational Risk Group and Asset Liability Management Group, Information Security & Business Continuity Management Committee and the Outsourcing Committee, assist the Board Committee in overseeing the risk management activities across the Company.

Max Life has an independent Risk Management Function in place, headed by a Chief Risk Officer. The Function is responsible for the supervision of all risk management activities in the Company, including developing the risk appetite, maintaining an aggregated risk view across the Company and monitoring the residual risks to ensure that they remain within tolerance levels. It also reviews the appropriateness and adequacy of the risk management strategy and develops recommendations to the REALM Committee as necessary. The Risk Management Function also ensures that through various management submissions, the Board is adequately informed on key emerging risk-related issues and, if necessary, provides supplementary advice to the Board through the REALM Committee.

A Risk Management Policy sets the broad contours of the management system, which is used to identify, assess, monitor, review, control and report risks and controls within the Company.

It is also the Company's policy that risks should be managed systematically with the process of risk management being well defined and with its various elements properly integrated. The implementation of the risk management system is a continuous cycle of improvement over the Company's existing risk management elements. Max Life continues to progress well on its vision of a matured state of risk culture where every individual takes responsibility of risks and has a thorough understanding of all risk tolerances.

A Risk Appetite Statement is in place which identifies and addresses each material risk to which the Company is exposed and establishes the degree of risk that the Company is willing to accept in pursuit of its strategic objectives and business plans, giving consideration to the interests of its stakeholders. These material risks have been categorised in the areas of Strategic, Insurance, Investment and Operational Risks. A Risk Management Strategy has been developed which defines the Company's approach to manage the identified material risks through acceptance, avoidance, transfer and/or mitigation. This is supplemented by various policies and procedures in the respective operating areas, which help identify, mitigate and monitor risks. A risk dashboard rates each material risk on the basis of identified key risk indicators and respective tolerance levels.

The Risk Management Framework also ensures that the level of risk accepted is within the Company's risk capacity and the level of capital adequacy is in excess of the level prescribed in the regulations. The degree and intensity of the management action is guided by comparing the risk appetite with the potential impact of the risk, likelihood of its occurrence and the costs of implementing the controls.

The entire implementation is monitored both at the management level as well as the Board Committee levels, and the overall risk management framework and its effectiveness are subject to both internal and external assurance reviews.

Max Life and Axis Bank is one of the fastest growing bancassurance relationships in the Indian life insurance industry, with both partners committed to provide superior value to their customers.

Management Discussion and Analysis
Max Life Insurance

Regulatory Update

The IRDAI continued to be proactive in framing new regulations aimed at further improving customer experience. These measures, along with continuous efforts to drive simplification and transparency of insurance products and services, are likely to be instrumental in driving growth and furthering the penetration of life insurance in India.

Following are the significant regulatory notifications issued by IRDAI and other regulatory bodies:

1. The Aadhaar and Other Laws (Amendment) Ordinance, 2018

Through this ordinance, the Government of India amended the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016. According to the ordinance, the Aadhaar number will continue to be non-mandatory for KYC purposes and no linking/delinking of Aadhaar with insurance policies is required. A reporting entity (including any insurance company) can verify the identity of a customer through offline verification of Aadhaar or use of any other officially valid document as prescribed under the Prevention of Money Laundering Act (PMLA). Regulated entities such as banking companies and telecom licensees have been allowed online authentication of Aadhaar, whereas other regulated entities such as insurance companies are still not allowed to carry out e-KYC authentication, thereby impacting the ease of on-barding of new customers. However, as a welcome step, the Department of Revenue, Ministry of Finance, has issued a circular dated May 9, 2019, that provides a way forward in terms of entities, other than banks and telecom licensees, to carry out e-KYC post examination by sectoral regulator (IRDAI for insurers), Unique Identification Authority of India (UIDAI) and approval from the Central Government.

> Max Life's investment team follows a disciplined approach. In the traditional funds, safety of capital and stability of returns over the long term is paramount. The debt portfolio continues to be of high quality with 95% of the portfolio carrying top ratings of AAA/A1+.

2. IRDAI Circular on Moving towards Risk-based Supervision of the Insurance Sector

The IRDAI is in the process of adopting Risk-based Supervision Framework for holistic supervision of the insurance sector in consultation with the industry. Once the circular gets notified, certain changes in the functioning of a regulated entity would take place. Some of the changes are:

a) Review of risk management culture

b) Adoption of risk-based internal audit

c) Improved IT and MIS for reporting for risk assessment

d) Review of skill sets, extensive training and redeployment of staff, as necessary

e) Well-defined standards of governance, policies and procedures

Under this mechanism, each regulated entity would be assessed on its 'risk profile' and the overall risk it carries and would enable the Authority to focus more on entities posing higher risk relative to the others.

3. IRDAI (Re-insurance) Regulations, 2018

Further to the constitution of a Reinsurance Expert Committee by the IRDAI and submission of its report in November 2017, IRDAI (Reinsurance) Regulations, 2018 were issued. The regulations provide exemption to life insurers from 'order of preference' for reinsurance placement related compliance requirement and from cessation limits for placing its reinsurance business with a cross-border reinsurer. There has been an introduction of retention limits of 25% of sum at risk under pure protection life insurance business portfolio and 50% of sum at risk under other than pure protection life insurance business portfolio. Additionally, there is now recognition of the concept of alternative risk transfer (which includes financial reinsurance). Regulations have resulted in better pricing and support from reinsurers and flexibility to life insurers to explore reinsurance arrangements given the retention limits specified in the regulations.

4. Exposure Drafts by IRDAI on Product Regulations

After the last revision of Product Regulations by IRDAI in 2013, IRDAI released exposure drafts in October 2018 and invited comments from the industry. Certain welcome changes are being proposed viz., allowing for a greater difference in minimum and maximum charge by policy year, improvement in surrender values for customers, increase in the revival period to 5 years and allowing for partial withdrawals in pension products, among others.

Draft regulations, if implemented in the proposed form, will present an opportunity to target new customer segments

Investment Performance

Max Life's Assets Under Management (AUM) crossed the ₹ 60,000 crore mark during the year to end at ₹ 62,798 crore as on March 31, 2019. This is a growth of 20% over the previous year. The Company ensures the management of its investment assets in accordance with its asset liability management policy for traditional plans and a market-oriented approach for its unit-linked plans. The performance of both traditional and unit-linked funds is commensurate with the risks assumed in the respective funds.

With an endeavour to delivering optimal returns to policyholders, Max Life's investment team follows a disciplined approach. In the traditional funds, corpus is invested keeping in mind the safety of capital and stability of returns over the long term. The debt portfolio of the Company continues to be of high quality with 95% of the portfolio carrying top ratings of AAA/A1+. Most of the equity portfolios for traditional funds and Unit Linked Insurance Plan (ULIP) funds are large-cap oriented.

FY2019 saw several events that led to high volatility in both fixed income and equity asset classes. In the bond market, the RBI moved away from a hawkish stance to a dovish stance, but the volatility in the oil market kept the Indian market volatile. The issues in the corporate debt market persisted after default by a leading financial institution and concerns on some financial companies. Prior to general elections, loan reliefs and other populist measures resulted in worries on the fiscal situation of both states and the centre.

In equities, performance in the markets was polarised and only a few large cap stocks moved up. Mid-cap indices were down significantly in the early part of the year. Trade wars between the US and China, Brexit-related uncertainties, and sharp up and down moves in crude oil prices led to the market reacting to both knowns and unknowns. For the year as a whole, the large-cap Nifty was up 15% while the mid-cap indices were flat. Our stance of sticking to large-cap stocks helped us in navigating the volatility. Our pure-equity ULIP funds outperformed the benchmarks.

Initiatives in new asset classes/sectors during the year were:

- Evaluation of investments in Real Estate Investment Trusts (REITs)
- Ramp-up in real estate investments
- Ramp-up in Alternative Investment Funds (AIFs)
- Ramp-up in the mid-cap-focused high growth fund

Max Life reviewed the Stewardship Code as prescribed by the IRDAI and stepped up voting actions across investee companies in best interests of the policy holders.

For the first time, Max Life's Assets Under Management (AUM) crossed the ₹ 60,000 crore mark to end at ₹ 62,798 crore, exhibiting a growth of 20% over the previous year.

Report on Market-consistent Embedded Value

Keeping in view the requirements of long-term investors, the Company has been reporting the Embedded Value (EV) for the past several years. The EV is a measure of the shareholder value arising from in-force policies and net worth of the Company as at the valuation date. The Company uses a market-consistent methodology approach, as this approach better reflects the value of an insurance company by explicitly allowing for insurance and economic risks rather than using implicit overall allowance for risks through risk discount rate in the traditional approach.

The EV of the Company, as on March 31, 2019, stood at ₹ 9,257 crore. Post payment of the final proposed shareholder dividend of ₹ 319 crore, which will be accounted post March 31, 2019, the closing EV will be ₹ 8,938 crore. The Operating Return on EV (RoEV) over FY2019 is 21.9% and including non-operating variances, the RoEV is 27.0%.

The New Business Margin (NBM) for FY2019 is 21.7% (at actual costs). The Value of New Business (VNB) written over the period is ₹ 856 crore (at actual costs), representing an annual growth of 30% and a 3-year Compound Annual Growth Rate (CAGR) of 31%.

Market Consistent Embedded Value (MCEV) Method

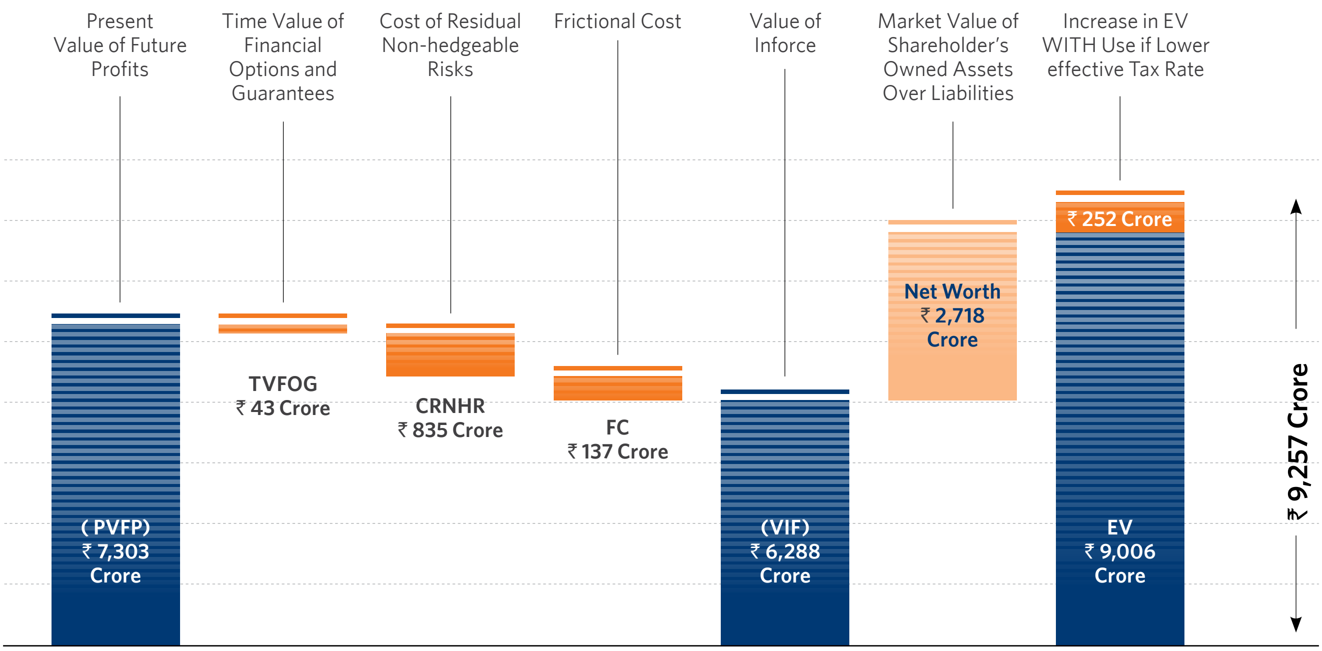
The EV of the Company is calculated keeping in view the MCEV principles issued by the Stitching CFO Forum Foundation and the Actuarial Practice Standard 10 as issued by the Institute of Actuaries of India. However, the methodology and results are not intended to be compliant with these standards.

In MCEV, an explicit allowance for the risks is made through the estimation of the Time Value of Financial Options and Guarantees (TVFOG), Cost of Residual Non-Hedgeable Risks (CRNHR) and Frictional Cost (FC).

Management Discussion and Analysis
Max Life Insurance

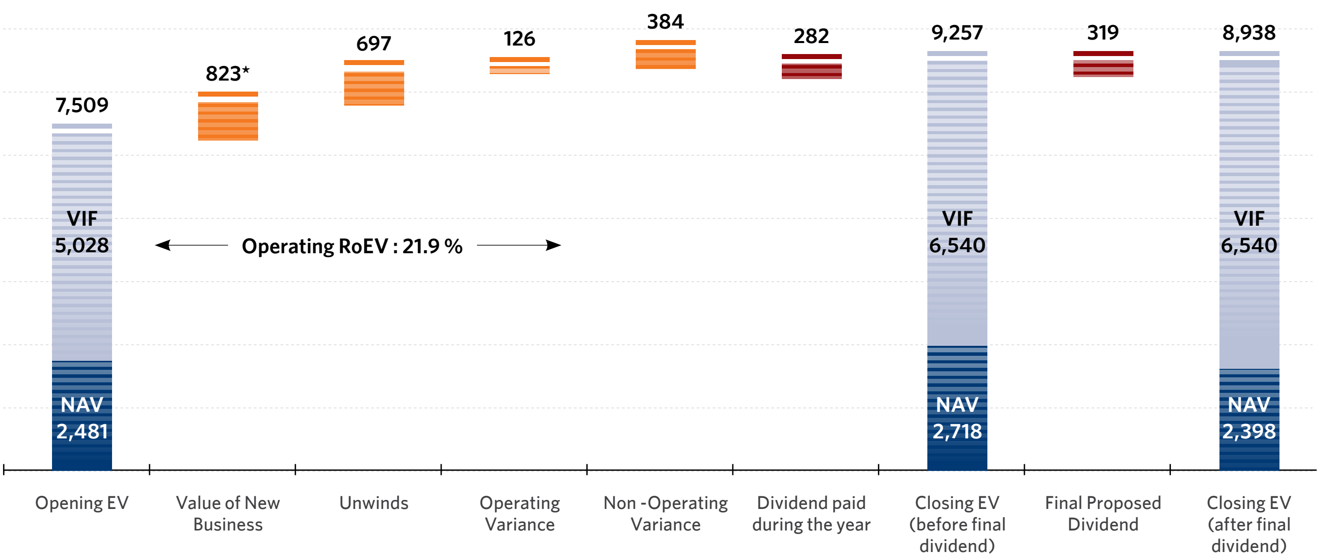
The following chart provides an overview of the components of the EV as on March 31, 2019:

VF **Net worth and EV**



1. The deductions for risks to arrive at the VIF represent a reduction of ~14% in the PVFP, in line with last year's deduction. The largest deduction is in respect of CRNHR.
2. Within CRNHR, persistency risk constitutes the largest risk component.
3. Use of lower effective tax rate (post allowing for tax exemption on dividend income) has led to increase in EV of ₹ 252 crore.

EV movement analysis: March 31, 2018 to March 31, 2019



* VNB after excluding impact of lower effective tax rate of ₹ 33 crore, which is part of non-operating variance

1. Operating return on EV of 21.9% is mainly driven by new business growth and unwind.
2. Operating variances are mainly driven by positive demographic experience variance.
3. Non-operating variances are mainly driven by positive variance as a result of use of lower effective tax rate and economic variances.
4. Including non-operating variance, the total RoEV is 27.0%.
5. The proposed final shareholder dividend of ₹ 319 crore for the second half of FY2019 will be accounted post March 31, 2019. Post the payment of the dividend, the closing EV will be ₹ 8,938 crore

Value of New Business (VNB) and New Business Margins (NBM)

The VNB represents the value added to the EV due to the new business written by the Company during the year. Please find below the VNB and NBM for FY2019 compared to FY2018 at actual costs:

Key Measures	FY2018	FY2019	Y-o-y Growth
VNB	₹ 656 crore	₹ 856 crore	30%
NBM	20.2%	21.7%	+150 bps

For FY2019, the VNB was ₹ 856 crore, calculated at actual costs, resulting into NBM of 21.7%. The NBM at actual costs has increased by circa 150 bps, from 20.2% for FY2018 compared to 21.7% for FY2019. This represents a growth of circa 30% in VNB, from ₹ 656 crore for FY2018 to ₹ 856 crore for FY2019.

The increase in VNB/NBM is on account of increasing proportion of high margin non-par protection and non-par savings products along with the upside from use of lower effective tax rate.

Max Life believes in leveraging smart digital technologies driven by Artificial Intelligence and Big Data to enhance customer journeys by making them more intuitive, less intrusive and friction-free.

Way Forward / Outlook

India represents one of the world's most promising markets for the life insurance industry. A combination of low life insurance penetration of 2.76%, as per the IRDAI Annual Report 2018, and an enormous protection gap of ₹ 480 lakh crore, coupled with an increasing appreciation of the new generations for the need for financial protection, provides a fertile field for profitable growth. With the closure of the country's general elections, the year ahead shows promise of stability, a freshly invigorated confident consumer, that should see the life insurance industry grow at a steady pace of 12-15% over the next two fiscals.

With a clear vision and well-defined strategy, Max Life is well placed to deliver on the '25-25-25 growth' by 2022 on parameters of VNB, NBM and RoEV. Through the last financial year, the Company has taken steps in the right direction towards further strengthening its multi-channel distribution architecture while increasing the robustness of its proprietary channels, especially agency distribution. With a constant thirst to understand customer needs better and provide a superior experience across servicing channels, the Company has made strides of progress across customer parameters of persistency, claims paid ratio as well as customer loyalty scores. The endeavour will be to grow these to the next level in the years to come by further improving these scores and maintaining a strong position among industry peers. Max Life believes in leveraging smart digital technologies driven by Artificial Intelligence and Big Data to enhance customer journeys by making them more intuitive, less intrusive and friction-free. This has been evident from the various tools deployed across the customer life cycle to enable sellers and servicing staff to make every moment of truth with a customer, a delightful one.

Business Responsibility Review

Mohini Daljeet Singh, Chief Executive, Max India Foundation

For India to count itself as a progressive nation, access to quality healthcare for all sections of the society is a vital requirement. The government has sharpened its focus on public healthcare, which is evident from the increase in the healthcare allocations in the last union budget as well as from the launch of its flagship healthcare scheme, Pradhan Mantri Jan Arogya Yojana (PMJAY), also known as Ayushman Bharat. However, India's health needs are so enormous that they need support from other institutions such as NGOs, charities, corporates and so on. To aid this cause, Max India Foundation (MIF), the Corporate Social Responsibility (CSR) arm of the Max Group, has undertaken a series of successful healthcare and immunisation initiatives over the last 11 years. MIF's healthcare activities, in collaboration with 457 NGOs across 837 locations, have touched 34,41,689 individual beneficiaries until March 31, 2019.

MIF's journey has been characterised by the ethos of Sevabhav and Giving with Dignity to make a difference to the lives of the underprivileged. The Foundation has adopted a holistic solution model that hinges on four key pillars.

In FY2019, 45,282 individuals including women and children, benefitted from MIF's awareness programs on issues such as menstrual hygiene, hand washing, healthy eating, health and hygiene, dengue, vector-borne diseases, cancer and tobacco-related diseases.

Awards & Accolades

- The 'Child Health Brand Award for the year 2018' at the India Health and Wellness Summit for FY2019
- The 'Swachh Bharat Award for Sustainable Sanitation and Waste Management' during the National Swachhata Summit and Awards 2019 on February 19, 2019
- MIF's CEO Mohini Daljeet Singh was awarded the 'CSR Leadership Award' at the 8th Edition of World CSR Day
- 'Asia's Greatest CSR Brand Award' at the Indo-Singapore Business & Social Forum 2018; Awards & Business Summit at Marina Bay Sands, Singapore
- The Award of 'Responsible Corporate for valuable contribution towards the environment' at the Global Environmental Conclave organised by Sunday Guardian in June 2018

PILLAR 1 PROVIDING QUALITY HEALTHCARE

Health needs are often immediate, yet there is a huge gap in accessibility and affordability for the underprivileged. Over the years, MIF has perfected various health interventions, which have been strategically designed with a blend of curative, preventive and promotive aspects to support the underprivileged sections of the society.

Immunisation Camps

This programme is meant for children in the age group 0-12 years who are 'Not Immunised' or are 'Partially Immunised'. Children are vaccinated against Measles, Mumps and Rubella (MMR), Diphtheria, Pertussis and Tetanus (DPT), Hepatitis-B and Typhoid as per the guidelines of the World Health Organisation (WHO).

Through its pan-India immunisation programme, MIF has administered 17,265 immunisation shots against nine diseases through 130 camps in five states across India.

Health Camps

Often, underprivileged people ignore niggling symptoms of ill health due to reasons such as losing a day's wage, travelling long distances or lack of funds for even a basic consultation. Women and the elderly are the worst affected.

MIF organises general and multi-speciality health camps for the underprivileged across urban slums and rural areas with the objective of providing quality healthcare in an accessible and affordable manner. A team of qualified doctors and paramedical staff conducts these camps where free consultations and medicines are provided.

So far, 1,58,700 patients have been treated through 743 such camps across India.

Surgeries and Treatment

Escalating expenses make it impossible for the underprivileged to undergo expensive surgeries. MIF helps them get a new lease

Kids learn the importance of dental hygiene with MIF's awareness programs and health check-up camps

Business Responsibility Review

of life by supporting 1,300 high-end surgeries, such as pediatric, cardiac, brain tumour, reconstructive, neuro, orthopedic and cataract surgeries, besides oncology care and renal transplants. This has helped beneficiaries lead comfortable and healthier lives with quality medical support, thus preventing further poverty.

Six months after Alka was born, her father, a low-income farmer from Bihar, detected a lump in her hand. Alarmed, he rushed her to a local doctor who prescribed a homeopathic treatment. When this didn't work, Alka's family tried allopathic medicines but to no avail. Finally, when Alka was rushed to a health camp in Nalanda, a tumor was confirmed. The infant was taken to AIIMS Patna where she underwent surgery on December 17, 2018. Because of her tender age, chemotherapy and radiation were ruled out and post-surgery, the lump returned. Determined to get rid of the tumor, the father cobbled all his resources and approached MIF through Cankids, a non-profit organisation dedicated to treatment and care for children with cancer in India. MIF facilitated the surgery and today, Alka is tumour free.

Little Alka gets a renewed lease on life through a surgery facilitated by MIF

Health Centres

In pursuance of providing quality healthcare to the underprivileged, MIF has set up health centres in Uttarakhand and Punjab in partnership with like-minded NGOs. Approximately 11,138 patients have been treated so far at these health centres this year.

Provision of Free Artificial Limbs and Polio Callipers to the Needy

The Artificial Limbs & Polio Callipers (ALC) camps aim to improve the mobility of physically challenged individuals. This enhances their self-confidence and has a positive impact on their economic well-being, thereby enabling them to live their lives with dignity.

Through this year's ALC camp organised by MIF at Ropar in Punjab, 162 underprivileged patients received prosthetic limbs and free treatment. This camp was organised in collaboration with the NGO Manav Seva Sannidhi. So far, MIF has provided 5,588 deprived patients with artificial limbs and polio callipers, thus transforming their lives.

For Para Commando Havaldar Hans Raj of Samba, Jammu, the journey to Ropar was one of hope and healing. This brave soldier lost his leg during an army operation in Sri Lanka 22 years ago. Though the Army had provided an artificial limb, it had been giving Hans Raj trouble. When he heard about MIF's Camp in Ropar, he decided to undertake this life-transforming journey. Recalling the landmine blast incident that rendered him physically challenged, Havaldar Hans Raj said, "I'm proud to have served the nation as a soldier. The Army took care of all my financial and physical needs, but over time, I realised that I needed to replace my artificial limb. Today, I'm glad I decided to make this journey because I am now pain free and as independent as before. It is the efforts of camps like these that make you proud to be a part of this country."

MIF's Artificial Limbs & Polio Callipers camp in Ropar, Punjab helped 162 patients receive prosthetic limbs

PILLAR 2 CREATING AWARENESS ON HEALTH AND HYGIENE

General Health Awareness

MIF believes that awareness is the first step towards achieving wellness and good health, which yields better outcomes while saving huge expenses on treatment. Hence, health awareness has formed an integral part of MIF's work on Preventive Healthcare. MIF has been proactively running awareness programmes in different areas. In the last financial year, 45,282 beneficiaries, including women and children, benefitted from awareness on issues such as menstrual hygiene, hand washing, healthy eating, health and hygiene, dengue, vector-borne diseases, cancer and tobacco-related diseases. These are effectively addressed through multiple infotainment approaches such as films, flip books, talks, demonstrations, puppet shows, etc.

Conducting Breast Cancer Awareness Campaigns

Aimed at fostering a spirit of courage, grit and determination, MIF and Diva restaurants, Delhi, partnered for a month-long 'Celebrate Me' campaign. This campaign highlighted the courage of women who fought the dreaded disease of cancer and emerged victorious. It stressed the importance of timely treatment and preventive measures against the disease.

Walking/Running for Good Health

MIF collaborated with CanSupport to bat for cancer survivors and spread awareness via 'Walk for Life' in February 2019 at Janpath, New Delhi. In the same month, MIF also sponsored Ropar Half Marathon in Punjab. Centenarian marathon runner Mr. Fauja Singh graced the occasion with his presence and encourage the participants to exercise for good health.

MIF Scores High with Anti-tobacco Campaign

MIF, together with Sambandh Health Foundation and Delhi Police, worked towards building awareness on the perils of tobacco and strived to end the tobacco menace. MIF's anti-tobacco display boards were put up at New Delhi Railway Station last December to alert the masses.

The Impact so far in Delhi NCR

- A total of 42,415 challans have been issued
- 394 police officers have been trained
- 397 principals have been sensitised to the Cigarettes and Other Tobacco Products Act (COTPA)
- Anti-tobacco puppet shows were organised in schools for 1,113 underprivileged children

PILLAR 3 PROMOTING A SUSTAINABLE AND ECO-FRIENDLY ENVIRONMENT

Environment Tips

Good environment is a prerequisite for good health. MIF has been spearheading structured monthly awareness campaigns, which serve the dual purpose of sensitising people about the issue as well as suggesting various practical action points to improve the environment. Environment tips are shared with key stakeholders including NGO partners as well as employees of the Max Group. The objective is to increase awareness on improving green cover, enhancing oxygen supply as well as arresting soil erosion, thereby leaving a greener planet for future generations.

Drug De-addiction Initiative

It is estimated that around 7.21 crore people in India are affected by drugs. Drug abuse is emerging as a major health hazard, with a sizeable number of youth caught in this menace. MIF has been supporting a drug de-addiction counselling centre for the youth of Baramulla in Jammu & Kashmir since April 2016. Started and anchored by the Indian Army, MIF organises seminars, recreational activities, individual and group counselling sessions, motivational talks and occupational rehabilitation. In FY2019, the drug de-addiction programme benefitted 938 youth.

Nutrition

India is home to over one-third of the world's stunted children. Some of the partners MIF works with are engaged with malnourished children for whom getting two meals a day is a huge struggle. The mid-day meal or nutritious snack offered through MIF's support may be the only wholesome meal of the day for them. The Foundation made over 283 meals possible in FY2019.

Sanitisation Drive in Noida

As part of our initiative to usher good health and sanitisation, a sanitisation drive was initiated across a slum in Sector 16 Noida. The following actions were undertaken:

Business Responsibility Review

- 2,000 dustbins were distributed, and garbage collection was facilitated in the area, benefitting 10,000 people
- 300 children were given anti-Typhoid vaccine
- Five health camps were conducted, including general, dental and gynecological check-ups, benefitting 395 people

Tree Plantation Drive in Delhi-NCR

Approximately 2,256 saplings were planted by MIF in the Delhi-NCR region to create a more pollution-free and sustainable environment.

PILLAR 4 ADOPTING VILLAGES

MIF has adopted three villages – Rail Majra in Punjab, and Dhakrani and Purukul in Dehradun district, Uttarakhand. The Village Adoption Programme aims at creating model villages to enhance the quality of life of the underprivileged in the area.

Health Facilities

Due to inadequate health facilities in these villages, appropriate interventions in the form of health camps, health centres, eye check-ups and immunisation camps were provided at regular intervals. The range of health services helps villagers avail quality services from specialists, otherwise beyond their reach. MIF's nine multi-speciality health camps impacted 2,394 beneficiaries. MIF also donated 350 blankets to underprivileged beneficiaries in the presence of local Panchayat members, giving them warmth during the severe winter months.

Environment Conservation and Preservation

MIF has been sensitising villagers about environment conservation and preservation. Tree plantation drives are almost an annual affair across all three villages. In particular, MIF has planted 2,500 fruit saplings of Mango, Lychee, Guava, Banana, etc. in Dhakrani village with the help of the NGO Sustainable Green Initiative. The fruit trees planted will further be nurtured and maintained by the residents themselves.

Hygiene Improvement through Solid Waste Management

Waste management continues to be an issue of serious concern. MIF initiated activities for the solid waste management system by implementing clean-up drives, awareness programmes and a solid waste collection and disposal system. The villagers were regularly sensitised on the importance of cleanliness and segregation of waste. As part of this project, a composting unit was set up in Dhakrani with 8,000 kg of compost produced this year. Segregation of waste was done to ensure that the organic waste does not end up in landfills but can be composted and used by farmers in the village.

Additionally, 97 bi-weekly health camps for women and children with the NGO Bella Healthcare were conducted, which helped 5,478 beneficiaries in total.

Financial Education and Volunteer Activity

Under the village adoption project, Max Life Insurance employees and agent advisors visited a total of 900 households at Dhakrani village, re-iterating the benefits of health, hygiene, waste management and sanitation, while simultaneously introducing the residents to financial literacy. Further, the importance of 'Swacch Raho, Swasth Raho' was highlighted during these visits.

Sanitary Pad Production Unit for local women

With the objective of promoting menstrual health and hygiene among women from poor/marginal economic backgrounds, MIF set up a sanitary napkin manufacturing unit for the local women in Dhakrani by donating relevant machinery and materials required. The unit made it easy and convenient for women to access hygienically produced pads. Manufactured by women and for women, these sanitary pads are low cost and easily available. So far, 45,000 sanitary napkins have been produced by the unit.

Sanitation and Sewage Project

Dhakrani village had no sewage system in place. Wastewater spilled onto the garbage spread on streets and polluted the sources of drinking water supply. To address the issue, a Sewage Treatment Project is underway. Around 1,30,000 ft of pipeline has been laid. Sand filters and septic tanks are being built from which wastewater will be treated to be fit for agricultural purpose. Four phases of this project have been completed. In phase five of this project, bio-digester technology tanks are being connected to 400 individual households.

Skill Development for the Youth

MIF has set up a Life Skills Training Centre at Dhakrani in partnership with the NGO Head Held High (HHH) Foundation.

The initiative provides life skills training to rural school dropouts through a six-month intensive programme. Besides basic English speaking, Math and Computer skills, the local youth are trained in social and soft skills. Their confidence is further boosted with a concurrent personality development course. With the third batch of 22 youth completing this course by June 2019, MIF has successfully trained 74 youngsters as a part of this initiative.

Purukul Village Adoption

Four multi-speciality health camps were held at Purukul Gram Sabha with Max Super Speciality Hospital, Dehradun. Max Hospital doctors, marketing and nursing staff helped 265 patients at the camps.

A cleaning vehicle continues to be operational in Purukul Gramsabha, along with cleaning staff who work daily to keep the streets and area clean.

MIF also provides food and nutrition support to the children of Purukul Youth Development Society (PYDS), an English-medium day school for underprivileged children. This has helped students get a balanced diet and stay healthy and active.

Rail Majra Village Adoption

As part of its healthcare initiatives, MIF founded the Health Centre at village Rail Majra near the Max Speciality Films factory in Punjab in 2008. This is the oldest and the first health centre that caters to the medical needs of the villagers of Rail Majra and surrounding villages. Through this initiative, MIF has been able to provide access to quality healthcare to 5,280 beneficiaries. In addition, MIF also organised multi-speciality health camps, which impacted 1,048 beneficiaries.

The bane of drug abuse in Punjab, with over 2.3 lakh drug users, has acquired the proportion of a pestilence that has shaken the entire society in the state. To address this critical issue, MIF, in collaboration with United Nations Office on Drugs and Crime (UNODC), organised a drug de-addiction awareness drive in Rail Majra in August 2018. Dr. Rekha Gupta and Dr. SMS Sidhu conducted the session on drug abuse for school children, factory workers, antenatal mothers and general population to sensitise them to this issue and its preventive measures.

An interactive science lab was set up for students of the Rail Majra Government School. The first batch of 12th class students passed with flying colours, with girls topping the class. As a token of encouragement, the Top 4 girl students were rewarded by MIF.

THE MIF IMPACT

MIF, with its 360-degree approach towards holistic healthcare, has been able to make a genuine difference in the lives of the underprivileged. The decade-long interventions on ground have been successful in addressing key challenges of low-quality care, lack of health awareness and limited access to health facilities. Further, the focus on health awareness has significantly helped in inculcating behavioural change in the beneficiaries, who are now adopting healthy practices to safeguard their health. Today, MIF has been able to win the trust and confidence of the community and bring smiles on their faces. In its own small way, MIF has been able to make a humble contribution towards nation building through a healthier population.

Corporate Governance Report

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Corporate Governance Report

Our Corporate Governance Philosophy

Max Financial Services Limited continues to be committed towards maintaining the highest standards of Corporate Governance recognizing that in today's environment, it is a critical driver for achieving excellence, attracting high-quality talent, and optimizing capital sourcing and allocation.

To ensure strong discipline in capital management, robust performance management of its businesses and sustained value creation across all stakeholders, Max Financial Services embarked upon a journey a few years ago, to implement a comprehensive governance framework across the Group. This entailed implementation of various transformational initiatives across three key facets of governance:

- **Board Architecture**

  The Boards in each of the Group's operating companies were re-configured to create the right composition with an ideal number of Independent Directors, ensuring board diversity with respect to functional and industry expertise, having an active and engaged lead Director on each Board, and separating the role of the respective CEOs and the Chairmen. In addition, a clear role for the Board has been articulated in areas such as strategy formulation, monitoring financial health, leadership development, risk management and succession planning.

- **Board Processes**

  Various people processes of the Board have been optimized (viz. on-boarding of Directors, Board education and business engagement, enabling independence, adherence to the code of conduct etc.). Key operational aspects such as ensuring a comprehensive and well-balanced meeting agenda, timely and adequate flow of information to the Board, inviting external speakers to take Board sessions, are in place to ensure that the Board time is spent optimally on all critical areas of the business. Further, it is ensured that the Board materials are comprehensive, crisp and relevant for strategic discussions.

  All material matters to be considered by each Board are reviewed in specific sub-committees of the Board that are composed of the right balance between executive, non-executive and independent Directors, who add value to and are specifically qualified for the particular sub-committee. Detailed charters are published for every sub-committee of the Board.

- **Board Effectiveness**

  To enhance 'Board Effectiveness' and assess the Board's performance, an annual evaluation of Board Members is conducted and inter-Company Board movements are also effected, as may be required, to ensure that each Board is well-equipped and engaged to take the right decisions for the business. In addition, various mechanisms have been implemented to improve the performance of the Board, which involves establishing clear standards of conduct & behaviour, setting a calendar of key governance interventions (such as strategy-setting sessions, risk management sessions), consequence management etc..

Board of Directors

As on March 31, 2019, the Board comprised of ten members with one executive director and nine non-executive directors of which five were independent. Mr. Analjit Singh (DIN: 00029641), Promoter Director is the Chairman of the Board of Directors of the Company as on March 31, 2019.

None of the Director is a member in more than ten committees or the Chairman of more than five committees, across all public companies in which he / she is a Director.

During the year, Mr. Sahil Vachani (DIN: 00761695) and Mr. Analjit Singh (DIN: 00029641), Founder and Chairman Emeritus Max Group, were appointed as additional directors in non-executive capacity with effect from May 25, 2018 and July 23, 2018 respectively. Further, Mr. Analjit Singh was designated as Chairman of the Board of Directors of the Company, with effect from July 23, 2018. The shareholders of the Company in their Annual General Meeting held on September 25, 2018 approved the appointments of Mr. Sahil Vachani and Mr. Analjit Singh as directors of the Company.

Further, Mr. Jai Arya (DIN: 08270093) and Sir Charles Richard Vernon Stagg (DIN: 07176980) have been appointed as additional directors holding the position of non-executive independent directors with effect from November 14, 2018 and February 11, 2019 respectively. Mr. Rajesh Khanna (DIN: 00032562), who had been holding the position of Independent Director, resigned from the Board of Directors the Company with effect from February 11, 2019.

The details of the Directors and their attendance at the Board meeting during the year 2018-19 and at the last annual general meeting, including the details of their Directorships and Committee Memberships, as of March 31, 2019, are as under:

Name of Director	Attendance at Board meetings during the year 2018-19		Attendance at last AGM held on September 25, 2018	Number of Directoships in other Companies as at March 31, 2019*	Number of committee positions held in other public companies as on March 31, 2019**	
	Held	Attended			Chairman	Member
Mr. Analjit Singh@@ [Chairman & Non-Executive Director] DIN: 00029641	6	3^	No	12	-	-
Mrs. Naina Lal Kidwai [Independent Director] DIN: 00017806	8	8	No	5	-	3
Mr. Mohit Talwar [Managing Director] DIN: 02394694	8	7	Yes	7	1	3
Mr. Rajesh Khanna # [Independent Director] DIN: 00032562	7	6	No	-	-	-
Mr. Aman Mehta [Independent Director] DIN: 00009364	8	3	Yes	6	1	5
Mr. Ashwani Windlass [Non-Executive Director] DIN: 00042686	8	6	No	6	3	-
Mr. Dinesh Kumar Mittal [Independent Director] DIN: 00040000	8	8	Yes	12	-	7
Mr. Sanjay Omprakash Nayar [Non-Executive Director] DIN: 00002615	8	2^	No	18	-	-
Mr. Sahil Vachani @ [Non-Executive Director] DIN: 00761695	7	3^	No	19	-	2
Mr. Jai Arya@@@ [Independent Director] DIN: 08270093	3	2	NA	-	-	-
Sir Charles Richard Vernon Stagg @@@@ [Independent Director] DIN: 07176980	2	2	NA	1	-	-

* Excluding Foreign Companies and Companies formed under Section 8 of the Companies Act, 2013 / Section 25 of the Companies Act, 1956

** Represents Memberships/Chairmanships of Audit Committee and Stakeholders' Relationship Committee of Indian Public Limited Companies, other than companies formed under Section 8 of the Companies Act, 2013 / Section 25 of the Companies Act, 1956

^ One Meeting each attended through Video Conferencing.

@ Appointed with effect from May 25, 2018

@@Appointed with effect from July 23, 2018

@@@ Appointed with effect from November 14, 2018

@@@@ Appointed with effect from February 11, 2019

\# Resigned from the Board of Directors with effect from February 11, 2019.

Corporate Governance Report

Details of Board meetings held during the year ended March 31, 2019:

S.No.	Date	Board Strength	No. of Directors present
1	April 9, 2018	7	5
2	May 25, 2018	8	5
3	July 23, 2018	9	8
4	August 6, 2018	9	5
5	September 28, 2018	9	4
6	November 14, 2018	10	7
7	February 11, 2019	11*	10
8	March 22, 2019	10	6

*Including one director appointed in the meeting

INTERSE RELATIONSHIP AMONG DIRECTORS

Mr. Sahil Vachani and Mr. Analjit Singh are related to each other – Mr. Sahil Vachani being son-in-law of Mr. Analjit Singh.

The details of equity shares of ₹ 2/- each held by Directors of the Company as on March 31, 2019 are: (a) Mr. Analjit Singh – 10,000 shares, (b) Mr. Ashwani Windlass – 28,450 shares, (c) Mr. Aman Mehta – 29,000 shares, and (d) Mr. Mohit Talwar – 1,59,523 shares.

HOW DO WE MAKE SURE OUR BOARD IS EFFECTIVE?

The calendar for the Board and Committee meetings is fixed in advance for the whole year, along with significant agenda items. At least one Board meeting is held within 45 days from the close of each quarter to review financial results and business performance and the gap between two Board meetings does not exceed 120 days, as required by law.

Apart from the aforesaid four meetings, additional Board meetings are also convened to meet business exigencies, as required. Matters of exigency are approved by the Directors by resolutions passed by circulation as permissible under the provisions of the Companies Act, 2013.

Meetings of Committees of Board are generally held prior to the Board meeting. The Chairpersons of the respective Committees brief the Board about the proceedings of the Committee meetings and its recommendations on matters that the Board needs to consider and approve.

All Agenda items are accompanied by comprehensive notes on the related subject and in certain areas such as business plans/ business reviews and financial results, detailed presentations are made to the Board members. The materials for the Board and committee meetings are generally circulated (electronically in a secure dedicated portal) seven days in advance. The Board is regularly updated on the key risks and the steps and process initiated for managing, reducing and, if feasible, eliminating various risks. Business risk evaluation and management is an ongoing process with the Company.

To enable the Board to discharge its responsibilities effectively, members of the Board are apprised on the overall performance of the Company and its subsidiary at every Board meeting. The Board has complete access to all the relevant information within the Company and all its employees. Senior Management is invited to attend the Board / Committee meetings to provide detailed insight into the items being discussed.

Further, the Company has made familiarization programmes to familiarize Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. The detail of such familiarization programme is available at the following link of website of the Company www.maxfinancialservices.com/shareholder-information.

CODE OF GOVERNANCE

In compliance with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company had adopted a Code of Conduct for the Directors and senior management of the Company ('the Code'), a copy of which is available on the Company's website www.maxfinancialservices.com. All the members of the Board of Directors and senior management personnel had affirmed compliance with the above mentioned regulation including Code for the financial year ended March 31, 2019 and a declaration to this effect signed by the Managing Director forms part of this report as **Annexure- I**.

Pursuant to the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended, the Company has adopted a Code of Conduct to Regulate, Monitor and Report Trading by Insiders for prevention of insider trading, which is applicable to all the Directors, Promoters, Key Managerial Personnel and designated employees / persons.

COMMITTEES OF THE BOARD

The composition of the Committees of the Board of Directors of the Company underwent the following changes, during the year under review:

Mr. Rajesh Khanna resigned from the Board of Directors of the Company effective February 11, 2019 and accordingly he ceased to be a member of the Audit Committee, Nomination and Remuneration Committee, Investment & Finance Committee, CSR Committee and Risk and Compliance Review Committee.

Audit Committee:

As on March 31, 2019, this Committee comprised of Mr. D.K. Mittal (Chairman), Mr. Aman Mehta, Mrs. Naina Lal Kidwai and Mr. Mohit Talwar. All members of the Committee, except Mr. Mohit Talwar, are Independent Directors. The Company Secretary of the Company acts as the Secretary to this Committee.

The scope of the Audit Committee has been defined by the Board of Directors in accordance with Regulation 18 and Part C of Schedule II of the Listing Regulations and applicable provisions of the Companies Act, 2013. This Committee inter alia, recommends appointment and remuneration of statutory auditors – secretarial auditors – internal auditors; reviews Company's financial reporting processes and systems and internal financial controls, financial and risk management policies, Company's financial statements, including annual and quarterly financial results and financial accounting practices & policies and reviews the functioning of the whistle blower mechanism.

The representatives of Internal Auditors and Statutory Auditors are invited to the meetings of the Committee, as required. Mr. D. K. Mittal, Chairman of the Audit Committee, was present at the last Annual General Meeting.

Meetings & attendance during the year ended March 31, 2019:

Director	Number of meetings held	Number of meetings attended
Mr. D.K. Mittal	5	5
Mr. Aman Mehta	5	1
Mr. Rajesh Khanna*	4	4
Mrs. Naina Lal Kidwai	5	5
Mr. Mohit Talwar	5	4

*Consequent to the resignation of Mr. Rajesh Khanna from the Board with effect from February 11, 2019, he ceased to be a member of this Committee after that date.

Nomination and Remuneration Committee

As on March 31, 2019, this Committee comprised of Mr. Aman Mehta, Mr. Ashwani Windlass and Mrs. Naina Lal Kidwai. All the members are Independent Directors, except Mr. Ashwani Windlass who is a non-executive non-independent Director.

The scope of the Nomination and Remuneration Committee has been defined by the Board of Directors in accordance with Regulation 19 and Part D of Schedule II to the Listing Regulations and applicable provisions of the Companies Act, 2013. This Committee inter alia, evaluates the compensation and benefits for Executive Directors and Senior Executives at one level below the Board, recruitment of key managerial personnel and finalization of their compensation, induction of Executive and Non-Executive Directors and fixing the method, criteria and quantum of compensation to be paid to the Non-Executive Directors. It also administers the ESOP Scheme(s) of the Company including allotment of equity shares arising from exercise of stock options. The remuneration policy of the Company is aimed at attracting and retaining the best talent to leverage performance in a significant manner. The strategy takes into account, the remuneration trends, talent market and competitive requirements.

Meetings & attendance during the year ended March 31, 2019:

Director	Number of meetings held	Number of meetings attended
Mr. Rajesh Khanna*	6	6
Mrs. Naina Lal Kidwai	7	7
Mr. Aman Mehta	7	2
Mr. Ashwani Windlass	7	7

*Consequent to the resignation of Mr. Rajesh Khanna from the Board with effect from February 11, 2019, he ceased to be the Chairperson and member of this Committee after that date.

Remuneration paid to the Directors during 2018-2019

During the year 2018–19, the Company paid a sitting fee of ₹ 1,00,000/- per meeting to its non-executive / Independent Directors for attending the meetings of Board and Committees of the Board and separate meeting(s) of Independent Directors. There were no pecuniary relationships between the Company and its Non-Executive / Independent Directors, except the payment of sitting fees. The shareholders of the Company in their Annual General Meeting held on September 25, 2018 approved payment of commission to Directors of the Company (other than the Managing Director or Whole-time Directors) for each financial year effective from financial year 2018-19 onwards, subject to the overall ceilings in terms of Section 197 of the Companies Act, 2013.

Details of the sitting fees paid during 2018-19 are as under:

S. No.	Name of Director	Sitting Fee paid (in ₹)
1	Mrs. Naina Lal Kidwai	21,00,000/-
2	Mr. Ashwani Windlass	27,00,000/-
3	Mr. Rajesh Khanna	22,00,000/-
4	Mr. Aman Mehta*	7,00,000/-
5	Mr. Dinesh Kumar Mittal	28,00,000/-
6	Mr. Sahil Vachani	3,00,000/-
7	Mr. Analjit Singh	3,00,000/-
8	Mr. Jai Arya	2,00,000/-
9	Sir Charles Richard Vernon Stagg	2,00,000/-

The remuneration payable to Managing Director of the Company, including performance incentives and grant of ESOPs / PSPs, were determined from time to time by the Nomination and Remuneration Committee, within the limits approved by the Board of Directors and shareholders of the Company, in terms of applicable provisions of the Companies Act, 2013 read with the Company's remuneration policy. The details of the remuneration policy form part of the Directors' Report attached as part of this Annual Report.

Corporate Governance Report

Details of the remuneration of Mr. Mohit Talwar as Managing Director for the period from April 1, 2018 to March 31, 2019 are as under:

Description	Amount In ₹
Salary and allowances	3,70,09,020/-
Other Benefits (Perquisites)	2,45,60,804/-
Performance Incentive / special payments	3,39,28,230/-
Retirals	19,09,560/-
Service contract	5 years
Notice period	3 months
Employee Stock Options (ESOPs) granted (in numbers)	-

The severance fee, if any, shall be payable as per the provisions of Companies Act, 2013. The Variable Compensation / Performance Incentive shall be paid depending on the performance rating and Company's performance within the limits approved by shareholders of the Company.

During the year 2018-19, no Director was granted any employee stock options. Mr. Mohit Talwar was granted phantom stock units for a benefit value of ₹ 2 crores at the time of grant. During the year, 1,32,460 employee stock options were vested with Mr. Mohit Talwar, out of grants made in earlier years, and the same have since been exercised and allotted.

The performance evaluation procedure for Directors is detailed in the Directors' Report attached as part of this Annual Report.

Stakeholders' Relationship Committee:

As on March 31, 2019, this Committee comprised of Mr. Ashwani Windlass (Chairman), Mr. D.K. Mittal and Mr. Mohit Talwar. Key responsibilities of this Committee are formulation of procedures, in line with the statutory guidelines, for ensuring speedy disposal of various requests received from shareholders from time to time and redressal of shareholders' and investors' complaints / grievances. The Committee also approves the transfer and transmission of securities; and issuance of duplicate certificates etc.

Meetings & attendance during the year ended March 31, 2019:

Director	Number of meetings held	Number of meetings attended
Mr. Ashwani Windlass	6	6
Mr. Mohit Talwar	6	5
Mr. D.K. Mittal	6	6

The Committee has delegated the authority to effect transfer and / or transmission of shares up to 1000 per folio to Company Secretary / Compliance Officer, and such transfers are subsequently ratified in next meeting of the Committee. The Company has normally attended to the Shareholders / Investors complaints within a period of 7 working days except in cases which were under legal proceedings / disputes. During the financial year ended March 31, 2019, 1 complaint were received and resolved by the Company (received in March 2019 and resolved in April 2019), which were general in nature viz. issues relating to non-receipt of dividend, annual reports, share certificates etc., all of those were resolved to the satisfaction of the respective shareholders. Mr. Sandeep Pathak – Company Secretary of the Company is the designated Compliance Officer.

Investment & Finance Committee:

As on March 31, 2019, this Committee comprised of Mr. Ashwani Windlass (Chairman), Mr. D.K. Mittal, and Mr. Mohit Talwar. The responsibilities of this Committee are to review financial performance of business(es) carried on by the Company and its subsidiary, review and recommend revenue and capital budgets of the Company and its subsidiary, review and recommend various fund raising options and financial resources allocation to Company's subsidiary and to review proposals on business restructuring, mergers, consolidations, acquisitions, investments, establishment of joint ventures and divestments of any businesses, etc

Meetings & attendance during the year ended March 31, 2019:

Director	Number of meetings held	Number of meetings attended
Mr. Ashwani Windlass	6	6
Mr. D. K. Mittal	6	6
Mr. Rajesh Khanna	5	5
Mr. Mohit Talwar	6	5

*Consequent to the resignation of Mr. Rajesh Khanna from the Board with effect from February 11, 2019, he ceased to be a member of this Committee after that date.

Corporate Social Responsibility Committee

As on March 31, 2019, this Committee comprised of Mr. Aman Mehta, Mr. Ashwani Windlass and Mr. D.K. Mittal. The responsibilities of this Committee are as enshrined in the Companies Act, 2013 read with Company's CSR Policy, as amended from time to time. The Committee met once during the year ended March 31, 2019.

Meetings & attendance during the year ended March 31, 2019:

Director	Number of meetings held	Number of meetings attended
Mr. Ashwani Windlass	1	1
Mr. Aman Mehta	1	-
Mr. D.K. Mittal	1	1

Risk and Compliance Review Committee

As on March 31, 2019, this Committee comprised of

Mr. Aman Mehta, Mr. Ashwani Windlass and Mr. D.K. Mittal. The responsibilities of this Committee are as enshrined in the Companies Act, 2013, applicable listing regulations and as per the risk management framework of the Company. The Committee met once during the year ended March 31, 2019

Meetings & attendance during the year ended March 31, 2019:

Director	Number of meetings held	Number of meetings attended
Mr. Ashwani Windlass	1	1
Mr. Aman Mehta	1	-
Mr. D.K. Mittal	1	1

Separate meeting of Independent Directors

During the year under review, the Independent Directors had a separate meeting on August 6, 2018 whereat, inter alia, the following agenda items were considered, in terms of applicable regulations:

(a) Evaluation of the performance of Non-Independent Directors and the Board as a whole;

(b) Evaluation of the performance of Chairperson of the Company; and

(c) Assessment of the quality, quantity and timeliness of flow of information between the Company management and the Board, that is necessary for the Directors to effectively and reasonably perform their duties.

ANNUAL GENERAL MEETING

The Annual General Meetings (AGMs) of the Company are held at the Registered Office of the Company at Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab – 144533. The details of last three AGMs held and special resolutions passed by the shareholders in the said AGMs are as under:

Financial Year ended	Date & Time	Special Resolutions passed
March 31, 2016	September 27, 2016 10:30 AM	▪ Approval for appointment of Mr. Mohit Talwar as the Managing Director of the Company for a period of five years effective January 15, 2016 and remuneration payable to him for the initial period of three years, i.e., from January 15, 2016 until January 14, 2019
March 31, 2017	September 26, 2017 10:30 AM	▪ Approval for partial modification in respect of remuneration payable to Mr. Mohit Talwar as Managing Director of the Company, with effect from April 1, 2017 until January 14, 2019, by way of removal of sub-limits and authorization to the Board of Directors and / or Nomination and Remuneration Committee to determine and regulate the remuneration from time-to-time, within the overall limits as approved earlier by the shareholders of the Company in last Annual General Meeting.
March 31, 2018	September 25, 2018 11:00 AM	▪ Approval for payment of a sum, as remuneration by way of commission, to be distributed amongst the Directors of the Company, other than the Managing Director or Whole-time Director(s), for each financial year effective from financial year 2018-19 onwards, subject to the overall ceilings in terms of Section 197 of the Companies Act, 2013
		▪ Approval for payment of remuneration of Mr. Mohit Talwar (DIN: 02394694), Managing Director of the Company for the remaining period of his current tenure, i.e. from January 15, 2019 until January 14, 2021, within the existing limits approved by the shareholders of the Company earlier.

POSTAL BALLOT AND POSTAL BALLOT PROCESS

During the financial year 2018-19, the Company had not passed any resolution through postal ballot process.

No resolution requiring postal ballot process as required by the Companies (Management and Administration) Rules, 2014, is proposed to be placed for the shareholders' approval at the Annual General Meeting scheduled on September 24, 2019.

MEANS OF COMMUNICATION

Timely disclosure of reliable information and corporate financial performance is at the core of good Corporate Governance.

Corporate Governance Report

Towards this direction, the quarterly / annual results of the Company were announced within the prescribed period and published in Financial Express (English) and Desh Sewak (Punjabi). The results can also be accessed on the Company's website www.maxfinancialservices.com. The official news releases and the presentations made to the investors / analysts are also displayed on the Company's website. The Company made presentations to financial analysts and institutional investors after the quarterly/ annual financial results were approved by the Board.

DISCLOSURES

(a) Related party transactions

There are no materially significant related party transactions with its promoters, the Directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company at large.

The Company has formulated a policy for transacting with related parties, which is available at the following link on the website of the Company www.maxfinancialservices.com/shareholder-information.

Transactions entered with the related parties are disclosed in Note no. 31 under Notes to Accounts to the financial statements in the Annual Report.

(b) Compliance by the Company

The Company has complied with all the mandatory requirements of the Listing Agreement entered into with the stock exchanges, Listing Regulations, SEBI and other statutory authorities on all matters relating to capital markets during the last three years.

No penalties or strictures have been imposed on the Company by the stock exchanges, SEBI, or any other statutory authorities on any matter relating to capital markets during the last three years, except the following:

The Company was in receipt of letters from stock exchanges in respect of non-compliance of Regulation 17 of SEBI (LODR) Regulations, 2015 which required the Board of Directors of a Company to have equal number of Independent and Non-Independent Directors, in case the Company is having a promoter chairman.

The said requirement had arisen for the Company on the appointment of Mr. Analjit Singh as the Chairman of the Board of Directors of the Company on July 23, 2018 and was subsequently complied in the Board meeting held on November 14, 2018. The Company had represented to NSE and BSE contending that the said regulation was silent on the timelines for compliance of the requirement and a reasonable time was required for identification and appointment of Independent Directors. Also, the appointment of promoter director as Chairman was on account of provision of Articles of the Company.

However, both BSE and NSE had levied penalty of Rs 3,50,000/- (plus GST) for period July 23, 2018 up to September 30, 2018 – which was paid UNDER PROTEST with a request to consider the special circumstances of the matter and waive off the penalty. Subsequently, additional penalty of ₹ 2,20,000/- had been levied by both the exchanges for residual period i.e. October 1, 2018 up to November 13, 2018 also, which had also been paid UNDER PROTEST along with request for waiver. NSE has formally communicated to the Company that such waiver cannot be granted.

(c) Vigil Mechanism - Whistle Blower Policy

The Company has adopted a Whistle Blower Policy and has established the necessary mechanism for directors / employees to report concerns about unethical behavior. The policy provides adequate safeguards against victimization of directors / employees.

It is hereby affirmed that no person has been denied access to the Chairman of the Audit Committee on matters relating to Whistle Blower Policy of the Company.

(d) Disclosure of compliance with corporate governance requirements

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, except as disclosed in (b) above.

(e) Disclosure of commodity price risk and commodity hedging activities

As the Company is holding investments in a subsidiary company and provides management services to group entities which are all operating in India, there is no foreign exchange exposure. Hence, the said disclosure is not applicable to the Company.

(f) Dividend Distribution Policy

The Board of Directors of the Company approved a Dividend Distribution Policy in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said policy is enclosed as an annexure to the Directors' Report and is also available on the website of the Company at www.maxfinancialservices.com/shareholder-information.

SUBSIDIARY COMPANY

The Company had one material unlisted subsidiary company viz., Max Life Insurance Company Limited ("Max Life") during the year 2018-19, which is the only subsidiary of the Company. Further, the Company has formulated a policy for determining 'material subsidiaries' which is disclosed at the following link on the website of the Company www.maxfinancialservices.com/shareholder-information.

Mr. Rajesh Khanna and Mr. D K Mittal were the common Independent Directors for the Company and Max Life till February 11, 2019. Mr. D K Mittal continues to be the common Independent Director for the Company and Max Life.

Further, Mr. Mohit Talwar – Managing Director and Mr. Sahil Vachani - Non-executive Director of the Company were also on the Board of Max Life as on March 31, 2019. With effect from April 1, 2019, Mr. Analjit Singh is also a common director with Max Life.

GENERAL SHAREHOLDER INFORMATION

A section on the 'General Shareholder Information' is annexed, and forms part of this Annual Report.

MANAGEMENT DISCUSSION & ANALYSIS

A section on the 'Management Discussion & Analysis' is annexed and forms part of this Annual Report.

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

The certification by the Managing Director and Chief Financial Officer of the Company, in compliance of Regulation 17(8) read with Part B, Schedule II of the Listing Regulations, is enclosed as **Annexure II**.

M/s. Chandrasekaran Associates, Practicing Company Secretaries have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Schedule V of the Listing Regulations and the said certificate is annexed to the Report as **Annexure-III.**

A certificate from M/s. Chandrasekaran Associates, Practicing Company Secretaries certifying that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority is annexed as **Annexure – IV** to the Report.

DISCLOSURE ON NON-MANDATORY REQUIREMENTS

The Company has duly complied with all the mandatory requirements under Listing Regulations and the status of compliance with the non-mandatory recommendations under Part E of Schedule II of the Listing Regulations is given below:

Shareholders' Rights:

The quarterly, half-yearly and annual financial results of the Company are published in newspapers and also posted on the Company's website.

Audit Qualification:

It has always been the Company's endeavor to present unqualified financial statements. There is no audit qualification in respect of financial statements of the Company for the financial year 2018-19.

Separate posts of Chairman and CEO

The Company has separate persons to the post of Chairman and Managing Director. Mrs. Naina Lal Kidwai, Independent Director was the Chairman of the Company till July 23, 2018 and Mr. Analjit Singh, non-executive Director has been appointed as Chairman of the Company effective July 23, 2018. Mr. Mohit Talwar is the Managing Director of the Company.

Reporting of Internal Auditor

The Internal Auditors report directly to the Audit Committee, which defines the scope of Internal Audit.

For **Max Financial Services Limited**

	Mohit Talwar	**Sahil Vachani**
Date: May 28, 2019	Managing Director	Director
Place: New Delhi	DIN: 02394694	DIN: 00761695

Annexure-I to the Corporate Governance Report

DECLARATION BY THE MANAGING DIRECTOR ON CODE OF CONDUCT AS REQUIRED BY REGULATION 26(3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 , 2015

This is to declare and confirm that Max Financial Services Limited ("the Company") has received affirmations of compliance with the provisions of Company's Code of Conduct for the financial year ended March 31, 2019 from all Directors and Senior Management personnel of the Company.

For **Max Financial Services Limited**

Mohit Talwar
Managing Director
DIN: 02394694

Date: May 28, 2019
Place: New Delhi

Annexure- II to the Corporate Governance Report

CERTIFICATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

To
The Board of Directors,
Max Financial Services Limited,

We, Mohit Talwar, Managing Director and Sujatha Ratnam, Chief Financial Officer of Max Financial Services Limited ("the Company") certify that:

A. We have reviewed the financial statements and the cash flow statement of the Company for the financial year ended March 31, 2019 and that to the best of our knowledge and belief:

(a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that are misleading; and

(b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, wherever applicable, deficiencies in the design or operation of such internal controls, if any, of which we are aware of, and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the Auditors and the Audit Committee, wherever applicable:

(i) significant changes in internal control over financial reporting during the year;

(ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

For **Max Financial Services Limited**

Date: May 28, 2019
Place: New Delhi

Mohit Talwar
Managing Director

Sujatha Ratnam
Chief Financial Officer

Annexure- III to Corporate Governance Report

SECRETARIAL COMPLIANCE REPORT

To
The Board of Directors
Max Financial Services Limited
Bhai Mohan Singh Nagar, Rail Majra,
Tehsil Balachaur, Distt.
Nawanshahr Punjab-144533

We M/s. Chandrasekaran Associates have examined:

(a) All the documents and records made available to us and explanation provided by Max Financial Services Limited ("the listed entity"),

(b) The filings/ submissions made by the listed entity to the stock exchanges,

(c) Website of the listed entity,

(d) Any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended on 31st March, 2019 ("Review Period") in respect of compliance with the provisions of:

(a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

(b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; Not Applicable during the period under review

(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not Applicable during the period under review.

(e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable during the period under review.

(g) Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations, 2013; Not Applicable during the period under review.

(h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(i) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018

(j) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;

(k) Securities and Exchange Board of India (Investor Protection and Education Fund) Regulations, 2009; Not Applicable during the period under review.

and based on the above examination, We hereby report that, during the Review Period:

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

S.No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
1	Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 states that where the regular non-executive chairperson is a promoter of the listed entity or is related to any promoter or person occupying management positions at the level of board of director or at one level below the board of directors, at least half of the board of directors of the listed entity shall consist of Independent Directors	The Company has delayed in appointment of an Independent Director pursuant to Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations	The Composition of Board was not in Compliance of Provision of Regulations 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my/our examination of those records.

(c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No.	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
1	National Stock Exchange of India Limited and BSE Limited	Company has delayed in appointment of an Independent Director pursuant to Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.	Company has paid penalty of INR 5,70,000/- each to National Stock Exchange of India Limited and BSE Limited in respect of above violation.	During the year Company has Complied with the requirements of Regulation 17 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015

(d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended... (The years are to be mentioned)	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
Not Applicable during the year under review				

For Chandrasekaran Associates
Company Secretaries

Rupesh Agarwal
Managing Partner
Membership No. A16302
Certificate of Practice No. 5673

Date: May 28, 2019
Place: New Delhi

Annexure- IV to Corporate Governance Report

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

The Members
Max Financial Services Limited
Bhai Mohan Singh Nagar, Rail Majra,
Tehsil Balachaur, Distt.
Nawanshahr Punjab-144533

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Max Financial Services Limited and having CIN L24223PB1988PLC008031 and having registered office at Bhai Mohan Singh Nagar, Rail Majra, Tehsil Balachaur, Distt. Nawanshahr Punjab-144533 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sr. No.	Name of Director	(DIN)	Date of appointment in Company
1	Sanjay Omprakash Nayar	00002615	28/03/2016
2	Aman Mehta	00009364	12/12/2008
3	Naina Lal Kidwai	00017806	15/01/2016
4	Analjit Singh	00029641	23/07/2018
5	Dinesh Kumar Mittal	00040000	01/01/2015
6	Ashwani Windlass	00042686	02/12/1994
7	Sahil Vachani	00761695	25/05/2018
8	Mohit Talwar	02394694	14/02/2012
9	Charles Richard Vernon Stagg	07176980	11/02/2019
10	Jai Arya	08270093	14/11/2018

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company

For Chandrasekaran Associates
Company Secretaries

Rupesh Agarwal
Managing Partner
Membership No. A16302
Certificate of Practice No. 5673

Date: 28.05.2019
Place: Delhi

General Shareholder Information

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General Shareholder Information

Registered Office:
Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab- 144533

Investor Helpline:
Max Towers, Level 16, Sector 16B, Gautam Buddh Nagar, Noida, Uttar Pradesh 201301
Phone – 0120 - 2200000
e-mail: investorhelpline@maxindia.com

Share Transfer Agent:
Mas Services Limited,
T-34, 2nd Floor, Okhla Industrial Area, Phase - II
New Delhi – 110 020,
Telephone nos. : 011-26387281/82/83, Fax-011 26387384
e-mail: info@masserv.com

Annual General Meeting:
Date and Time: Tuesday, September 24, 2019 at 11.00 A.M.

Venue: Registered Office of the Company at 419, Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab - 144 533.

Book Closure:
Wednesday, September 18, 2019 to Tuesday September 24, 2019 (both days inclusive)

Financial Year
The financial year of the Company starts from April 1st of a year and ends on March 31st of the following year.

Financial Calendar – 2019-20:

1.	First quarter results	–	By second week of August 2019
2.	Second quarter & half yearly results	–	By second week of November 2019
3.	Third quarter results	–	By second week of February 2020
4.	Annual results	–	By May 30, 2020

Listing on Stock Exchanges:
The Equity Shares of the Company are listed on the BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE'). The Company confirms that it has paid annual listing fees due to BSE and NSE for the year 2019-20.

Connectivity with Depositories:
The Company's shares are in dematerialized mode through National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Stock Code:

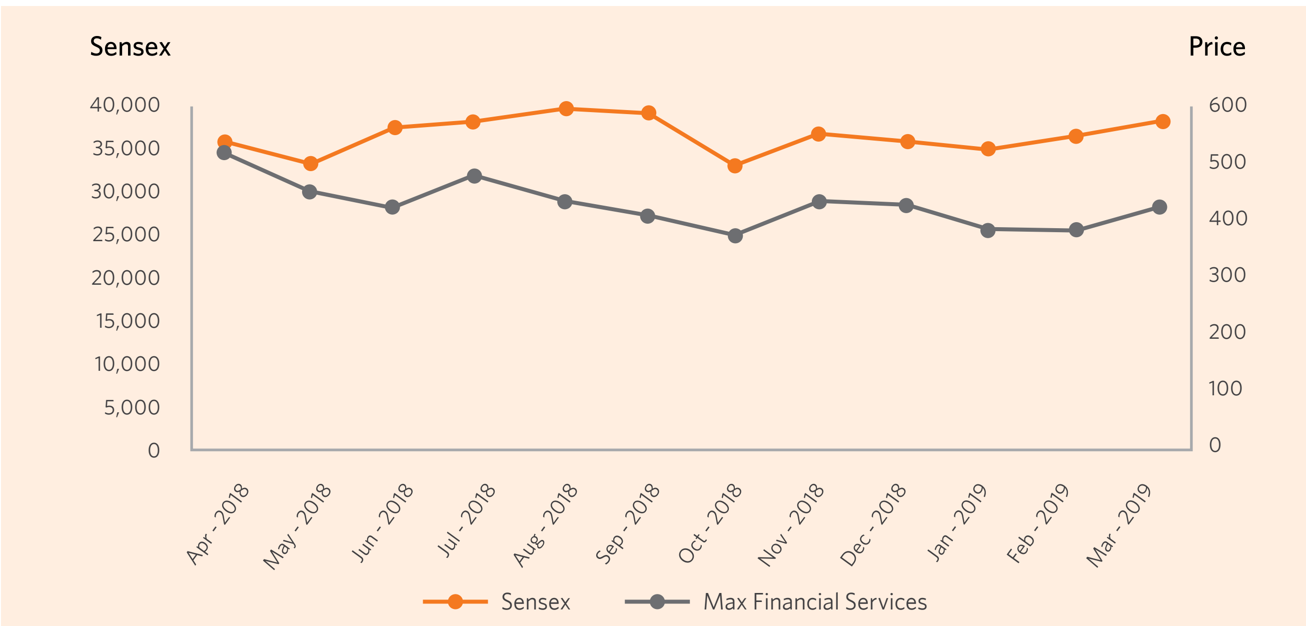
BSE	–	500271
NSE	–	MFSL
Demat ISIN No. for NSDL and CDSL	–	INE180A01020

	Reuters	Bloomberg
BSE	MAXI.BO	MAXF:IN
NSE	MAXI.NS	NMAX:IN

Share Price Data - Monthly high and low quotation on NSE and BSE

Month	NSE		BSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2018	526.40	424.00	524.30	424.05
May, 2018	531.50	456.35	530.80	455.00
June, 2018	505.00	416.25	505.00	416.45
July, 2018	499.50	403.25	498.95	403.70
August, 2018	534.00	447.00	533.60	448.20
September, 2018	519.35	400.00	519.00	401.55
October, 2018	416.80	350.00	416.00	343.95
November, 2018	452.00	377.05	451.00	377.00
December, 2018	453.95	399.05	454.30	399.15
January, 2019	464.70	389.40	464.80	391.80
February, 2019	416.15	360.90	416.00	361.10
March, 2019	462.50	397.05	462.40	398.25

Share Price vs Sensex



Shareholding Pattern as on March 31, 2019:

Category	No. of shares held	% of shareholding
Promoters	7,63,03,608	28.33
Mutual Funds and UTI	8,31,72,300	30.87
Banks, Financial Institutions	1,88,968	0.07
Insurance Companies	0	0.00
Foreign Institutional Investors	1,03,88,572	3.86
Foreign Portfolio Investors	7,00,25,154	25.99
Alternate Investment Funds	25,33,034	0.94
Bodies Corporate	30,21,469	1.12
Non-resident Indians/ Overseas Corporate Bodies	12,61,901	0.47
Clearing Members	5,72,553	0.21
Resident Individuals	2,14,46,528	7.97
Trusts	4,797	0.00
Unclaimed Suspense Account	4,66,895	0.17
Total	**26,93,85,779**	**100.00**

General Shareholder Information

Distribution of shareholding as on March 31, 2019:

No. of Shareholders	Percentage to total	Shareholdings	No. of shares	Percentage to total
57,889	97.97	1 to 5000	1,47,31,210	5.47
602	1.02	5001 to 10000	21,66,961	0.80
248	0.42	10001 to 20000	18,10,238	0.67
90	0.15	20001 to 30000	11,30,125	0.42
44	0.07	30001 to 40000	7,57,467	0.28
16	0.03	40001 to 50000	3,78,533	0.14
54	0.09	50001 to 100000	20,14,072	0.75
145	0.25	100001 and above	24,63,97,173	91.47
59,088	**100.00**	**Total**	**26,93,85,779**	**100.00**

Dematerialisation status as on March 31, 2019:

(i) Shareholding in dematerialised mode 99.37%

(ii) Shareholding in physical mode 0.63%

Reconciliation of Share Capital Audit

As stipulated by the Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996, a practicing Company Secretary carries out the Reconciliation of Share Capital Audit, on a quarterly basis, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) with the total listed and paid-up capital. The audit report, inter alia, confirms that the total listed and paid up capital of the Company is in agreement with the aggregate of the total number of shares in dematerialized form and total number of shares in physical form.

For shareholders holding shares in dematerialised mode

Shareholders holding shares in dematerialised mode are requested to intimate all changes with respect to bank details, mandate, nomination, power of attorney, change of address, change of name etc. to their depository participant (DP). These changes will be reflected in the Company's records on the downloading of information from Depositories, which will help the Company provide better service to its shareholders.

For Shareholders holding their equity shares in physical form

Your kind attention is drawn towards SEBI regulations which prescribe that with effect from April 1, 2019, the transfer of securities, in physical form, shall not be processed unless securities are held in dematerialized form with any of the depository and therefore, all members holding shares in physical form are further advised to convert their shareholding from Physical form to Demat form with a Depository Participant of their choice. Holding share(s) in Demat form has following advantages:

1. Freedom from physical storage
2. Elimination of chances of theft, mutilation, defacement etc.
3. Easy to sell and realize sale proceeds and/or dividend in the bank account linked with the Depository.
4. Contribution to the 'Green Initiative'
5. To make any change in your particulars, you can make single request with your DP, which will be applicable to all companies in your demat account.
6. Demat account can be operated from anywhere in the world

Share Transfer System

In respect of shares upto 1000 per folio, transfers (including transmission) are effected on a weekly basis. For others, the transfers are effected within limits prescribed by law. The average turnaround time for processing registration of transfers is 15 days from the date of receipt of requests. The processing activities with respect to requests received for dematerialisation are generally completed within 7 - 10 days.

Dividend

The Company has not declared any dividend for the current financial year.

The Board of Directors approved a Dividend Distribution Policy in line with Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation 2015, as amended, from time to time ("Listing Regulations"). The said policy is enclosed as an annexure to the Directors' Report and is also available on the website of the Company www.maxfinancialservices.com

Unclaimed Dividends

In respect of any unpaid / unclaimed dividends, the shareholders are requested to write to the Registrar and Share Transfer Agent of the Company. Further, the Companies Act, 2013, mandates companies to transfer Dividend that remains unclaimed for a period of seven years to the Investor Education and Protection Fund (IEPF). Therefore, balance if any remaining unclaimed/unpaid against the past dividend(s), will be transferred to IEPF within the statutory period prescribed under the Act.

Transfer of Unclaimed Dividend and Shares to the Investor Education and Protection Fund

The Company had paid interim dividend in FY 2012-13 and the unpaid dividend was transferred to a separate account in same year within prescribed time. After completion of 7 years, the unpaid amounts still lying in the said account shall be transferred to the Investor Education and Protection Fund, along with respective shares on which such dividend remain unpaid.

Further as per Section 124(6) of the Companies Act 2013, all shares in respect of which [dividend has not been paid or claimed for seven consecutive years or more shall be] transferred by the company in the name of Investor Education and Protection Fund.

Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:

Not Applicable

Plant Locations

Not Applicable

Communication of Financial Results

The unaudited quarterly financial results and the audited annual accounts are normally published in the Financial Express / Desh Sewak. The financial results, press releases and presentations etc. are regularly displayed on the Company's website- www.maxfinancialservices.com

Address for Correspondence with the Company

Investors and shareholders can correspond with the office of the share transfer agent of the Company or the Corporate Office of the Company at the following addresses:

Mas Services Limited (Registrar & Transfer Agent)

T-34, 2nd Floor
Okhla Industrial Area, Phase – II
New Delhi – 110 020

Contact Person

Mr. Sharwan Mangla
Telephone nos.:-011-26387281/82/83
Fax No.:- 011 – 26387384
e-mail : info@masserv.com

Max Financial Services Limited

Secretarial Department
Max Towers, Level 16,
Sector 16B, Gautam Buddh Nagar,
Noida, Uttar Pradesh 201301
Tel. No.:- 0120 – 2200000
e-mail: investorhelpline@maxindia.com

Company Secretary and Compliance Officer

Mr. V. Krishnan
Tel. No.: 0120 - 2200000
E-mail: vkrishnan@maxindia.com

Please visit us at www.maxfinancialservices.com for financial and other information about your Company

For **Max Financial Services Limited**

Date: August 6, 2019

Place: New Delhi

Mohit Talwar
Managing Director
DIN: 02394694

Financial Review

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MAX | FINANCIAL SERVICES

Board's Report

Dear Members,

Your Directors have pleasure in presenting the Thirty-first Board's Report of Max Financial Services Limited ("MFSL" or "the Company") along with the audited Statement of Accounts for the financial year ended March 31, 2019.

Standalone Results

The highlights of the standalone financial results of your Company along with previous year's figures (prepared / restated as per IND-AS) are as under:

(Rs. in Crore)

	Year ended 31.03.2019	Year ended 31.03.2018
Revenue from operations	**316.63**	**263.49**
Other income	1.15	0.72
Total income	**317.78**	**264.21**
Expenses		
Finance costs	27.25	-
Loss on fair value changes on derivative financial instruments	102.61	-
Impairment on financial instruments		
Employee benefits expenses	76.40	53.74
Depreciation and amortization expense	1.75	1.92
Legal and professional expenses	43.51	46.31
Other expenses	16.87	18.31
Total expenses	**268.39**	**120.28**
Profit before tax	**49.39**	**143.93**
Tax expense	-	-
Profit after tax for the year	**9.39**	**3.93**
Other comprehensive income for the year	**(0.30)**	**(0.23)**
Total comprehensive income (after tax)	**49.09**	**143.70**

Your Company is primarily engaged in business of making and holding investments in its subsidiary, Max Life Insurance Company Limited and accordingly in terms of extant RBI guidelines, your Company is a Core Investment Company ("CIC") with its financial income exceeding 50% of its total income and financial assets (investment in securities etc.) exceeding 50% of the total assets. However, it does not meet the criteria stipulated by RBI for Systemically Important CIC and hence registration under Section 45-IA of RBI Act, 1934 is not required.

Net worth of your Company on a standalone basis grew by around 4.2% to Rs 2001 crore as at March 31, 2019 as against Rs.1920 crore as at March 31, 2018 (restated as per IND-AS).

Consolidated Results

In accordance with the Companies Act, 2013 ("the Act") and applicable accounting standards, the audited consolidated financial statements are enclosed as part of this Annual Report.

The subsidiary of your Company, Max Life Insurance Company Limited ("Max Life"), delivered another year of strong performance like last year. In FY2019, Max Financial Services Limited reported consolidated revenues of Rs. 17,538 Crore, with an encouraging growth of 17% over the previous year. The Company reported consolidated Net Profit of Rs. 406 Crore, 28% lower compared to the previous year, largely due to fair valuation impact as per the recently introduced accounting methodology, Ind AS, and one-time expenses for pursuing an inorganic opportunity for Max Life.

Max Life achieved a significant milestone this year with its Assets under Management (AUM) crossing the Rs. 60,000 crore mark for the first time. The AUM as at March 31, 2019 stood at Rs. 62,798 Crore, growing 20% over the previous year. Another benchmark set by Max Life was in the Claims Paid Ratio category. Already being an industry leader with the highest claims paid ratio of 98.26% in FY18, as per the Insurance Regulatory and Development Authority of India (IRDAI) Annual Report, Max Life further improved the ratio by 48 bps to 98.74% during FY19. The Market Consistent Embedded value of Max Life as on March 31, 2019 was Rs.9,257 crore up 20% from previous year's Rs 7,706 crore.

The highlights of the consolidated financial results of your Company and its subsidiary are as under:

(Rs. in Crores)

	Year ended 31.03.2019	Year ended 31.03.2018
Revenue from operations	**19,497.62**	**16,337.45**
Other income	3.61	1.26
Total income	**19,501.23**	**16,338.71**
Expenses		
Finance costs	27.30	0.11
Impairment on financial instruments	5.02	0.32
Employee benefits expenses	84.37	37.17
Depreciation and amortization expense	1.75	1.92
Legal and professional expenses	43.51	46.31
Policyholders' Expenses of Life Insurance operations	18,826.57	15,693.64
Other expenses	31.87	29.22
Total expenses	**19,020.39**	**15,808.69**
Profit before tax	**480.84**	**530.02**
Tax expense	64.38	88.18
Profit after tax for the year(including Non-controlling interests)	**416.46**	**41.84**
Other comprehensive income for the year	**1.31**	**(17.82)**
Total comprehensive income (after tax)	**417.77**	**424.02**
Total comprehensive income attributable to		
Owners of the company	263.41	273.72
Non-controlling interests	154.36	150.30

Material Changes affecting Financial Position

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e. March 31, 2019 and the date of the Directors' report i.e. May 28, 2019.

Subsidiaries, Associates & Joint Venture companies

As on March 31, 2019, your Company had only 1 (one) subsidiary i.e. Max Life Insurance Company Limited ("Max Life"). There were no other associate or joint venture companies. The basic details of subsidiary form part of Form MGT–9 attached to this report as **Annexure - 1.**

During the year under review, your Company acquired 1,98,787,368 equity shares of Rs. 10/- each in Max Life. Accordingly, the equity stake of the Company in Max Life increased to 71.79% as at March 31, 2019.

A report on the performance and financial position of Max Life, included in the consolidated financial statements, presented in Form AOC–1 is attached to this report as **Annexure - 2,** as per Rule 8(1) of the Companies (Accounts) Rules, 2014.

Further, a detailed update on the business achievements of Max Life, being the key operating subsidiary, is furnished as part of Management Discussion and Analysis section which forms part of this Annual Report.

As provided in Section 136 of the Companies Act, 2013, the financial statements and other documents of the subsidiary company Max Life Insurance Company Limited are not being attached with the financial statements of the Company. The complete set of financial statements including financial statements of the subsidiary of the Company is available on website of the Company at www.maxfinancialservices.com. These documents will also be available for inspection during business hours at the registered office of the Company and shall also be made available to the shareholders of the Company in hard copy, on demand.

Dividend

Your Directors have not recommended any dividend for the financial year 2018-19.

The Board of Directors of your Company has approved a Dividend Distribution Policy in line with Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the said policy is attached to this report as **Annexure - 3**. The said policy is also available on website of the Company at www.maxfinancialservices.com/shareholder-information.

Transfer to Reserves

The Company has not transferred any amount to reserves during the year under review.

Share Capital

The Authorized share capital of the Company as on March

31, 2019 remains unchanged at Rs. 60,00,00,000/- (Rupees Sixty Crores only) comprising of 30,00,00,000 equity shares of Rs. 2/- each.

During the year under review, 10,01,752 equity shares of Rs.2/- each were allotted to the option-holders under the 'Max Employee Stock Plan 2003' ('2003 Plan').

The Paid up capital of the Company as on March 31, 2019 was Rs. 53,87,71,558/- (Rupees Fifty three crores eighty seven lakhs seventy one thousand five hundred fifty eight) comprising of 26,93,85,779 equity shares of Rs. 2/- each.

Further, after end of the financial year on March 31, 2019 and till the date of this report i.e. May 28, 2019, your Company had allotted 12,958 equity shares of Rs.2/- each to the option-holders under the aforesaid 2003 Plan.

Employee Stock Option Plan

Your Company has an employee stock option plan viz. 'Max Employee Stock Plan 2003' ('2003 Plan') in place. The 2003 Plan provides for grant of stock options aggregating not more than 5% of number of issued equity shares of the Company to eligible employees and Directors of the Company. The 2003 Plan is administered by the Nomination and Remuneration Committee constituted by the Board of Directors of the Company. Details of options granted up to March 31, 2019 and other disclosures as required under SEBI (Share Based Employee Benefits) Regulations, 2014 are enclosed to this report as **Annexure - 4**.

The statutory auditors of your Company, M/s Deloitte Haskins & Sells LLP, Chartered Accountants have time-to-time certified that the Employee Stock Option Scheme of the Company has been implemented in accordance with the applicable SEBI Regulations and the resolutions passed by the Members in this regard. A certificate to this effect shall also be placed before the members at the ensuing Annual General Meeting.

During the year under review, the Nomination and Remuneration Committee of Directors of the Company ("NRC") granted 44,448 phantom stock units to Mr. Mohit Talwar, Managing Director of the Company and 129,275 phantom stock units to Mr. Rahul Khosla, erstwhile Executive President, which vest(ed) in a graded manner and settled in cash. Further, the NRC granted 1,15,420 Stock Options to Mr. Mohit Talwar, Managing Director with effect from April 1, 2019 which will vest with him in a graded manner.

DIRECTORS

As on date of this report, the Board of Directors of your Company comprised of 10 (ten) members with 1 (one) Executive Director and 9 (nine) Non-Executive Directors of which 5 (five) are independent. Mr. Analjit Singh (DIN: 00029641), Chairman of the Company is a Non Executive Promoter Director.

Mr. Rajesh Khanna, a non-executive independent director of the Company, resigned from the Board of the Company effective February 11, 2019. Your Directors place their deep appreciation for the valuable contributions made by Mr. Rajesh Khanna during his association with the Company.

Mr. Jai Arya (DIN: 0008270093) has been appointed as an additional director in non-executive independent capacity with effect from November 14, 2018. Further, Sir Charles Richard Vernon Stagg (DIN: 07176980), has been appointed as an additional director in non-executive independent capacity on the Board of Directors of the Company, with effect from February 11, 2019.

The above directors were appointed as additional directors and therefore, their term of office expires on the date of ensuing Annual General Meeting. The Company is in receipt of notices under Section 160 of the Companies Act, 2013 from members proposing the candidature of these directors for being appointed as directors of the Company. The Board of Directors recommend to the shareholders for their appointment as Directors of the Company. As per the provisions of the Companies Act, 2013, Independent Directors are required to be appointed for a term of five consecutive years and shall not be liable to retire by rotation. Accordingly, resolutions proposing appointment of Mr. Jai Arya and Sir Charles Richard Vernon Stagg, as Independent Directors of the Company, form part of the notice of the ensuing Annual General Meeting.

Mr. Aman Mehta was appointed by the Shareholders as an Independent Director of the Company for a period of five years with effect from September 30, 2014. The five year tenure of Mr. Aman Mehta as Independent Director of the Company shall be completed on September 29, 2019. Similarly, Mr. Dinesh Kumar Mittal was appointed as an Independent Director of the Company for a period of five years with effect from January 1, 2015. The five year tenure of Mr. Mittal as Independent Director of the Company shall be completed on December 31, 2019.

In accordance with the Section 149(10) of the Companies Act, 2013 and the SEBI Listing Regulations, an Independent Director shall hold office for a term up to 5 (five) consecutive years on the Board of the Company and shall be eligible for re-appointment for another term of up to five consecutive years on passing of a special resolution by the Company.

Further, as per SEBI Listing regulations, no listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of 75 years unless a special resolution is passed to that effect, along with a justification in the explanatory statement annexed to the notice for such motion.

Your directors recommend the re-appointment of Mr. Aman Mehta as Independent Director on the Board of the Company for another term of five years, despite his attaining of 75 years during this new term. Your directors also recommend the re-appointment of Mr. Dinesh Kumar Mittal as an Independent Director on the Board of the Company for another term of five years.

Further, in terms of Section 152 of the Act and the Articles of Association of the Company, Mr. Ashwani Windlass and Mr. Sanjay Nayar are liable to retire by rotation at the ensuing Annual General Meeting. Mr. Ashwani Windlass and Mr. Sanjay Nayar, being eligible have offered themselves for re-appointment at the ensuing Annual General Meeting.

Brief profiles of aforesaid directors are annexed to the Notice convening the Annual General Meeting.

The Board met eight times during the financial year 2018-19:

S.No.	Date	Board Strength	No. of Directors present
1	April 9, 2018	7	5
2	May 25, 2018	8	5
3	July 23, 2018	9	8
4	August 6, 2018	9	5
5	September 28, 2018	9	4
6	November 14, 2018	10	7
7.	February 11, 2019	11*	10
8	March 22, 2019	10	6

*Including one director appointed in the meeting

The details regarding number of meetings attended by each Director during the year under review have been furnished in the Corporate Governance Report attached as part of this Annual Report.

Statement of Declaration by Independent Directors

In terms of Section 149(6) of the Act and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the following Non-Executive Directors are categorized as Independent Directors of the Company: Mrs. Naina Lal Kidwai (DIN: 00017806), Mr. Aman Mehta (DIN: 00009364) Mr. Dinesh Kumar Mittal (DIN: 00040000), Mr. Jai Arya (DIN: 0008270093) and Sir Charles Richard Vernon Stagg (DIN: 07176980).

The Company has received declaration of independence from all the above mentioned Independent Directors as per Section 149(7) of the Act, confirming that they continue to meet the criteria of independence.

Committees of the Board of Directors

The Company has the following committees which have been established as a part of the best corporate governance practices and are in compliance with the requirements of the relevant provisions of applicable laws and statutes. A detailed note on the same is provided under the Corporate Governance Report forming part of this Annual Report.

1. Audit Committee:

   The Audit Committee met five times during the financial year 2018-19, viz. on May 25, 2018, August 6, 2018, November 14, 2018, February 11, 2019 and March 20, 2019. The Committee, as on March 31, 2019, comprised of Mr. D.K. Mittal (Chairman), Mr. Aman Mehta, Mrs. Naina Lal Kidwai and Mr. Mohit Talwar. All the recommendations by the Audit Committee were accepted by the Board.

2. Nomination and Remuneration Committee:

   The Nomination and Remuneration Committee met seven times during the financial year 2018-19, viz. on May 25, 2018, July 23, 2018, August 6, 2018, November 14, 2018, December 21, 2018, February 11, 2019 and March 20, 2019. The Committee, as on March 31, 2019, comprised of Mr. Aman Mehta, Mr. Ashwani Windlass and Mrs. Naina Lal Kidwai.

3. Investment & Finance Committee:

   The Committee met six times during the financial year 2018-19, viz. on April 9, 2018, May 25, 2018, August 6 2018, November 14, 2018, February 11, 2019 and

March 22, 2019. The Committee, as on March 31, 2019, comprised of Mr. Ashwani Windlass (Chairman), Mr. D.K. Mittal and Mr. Mohit Talwar.

4. Corporate Social Responsibility Committee:

   The Committee met once during the financial year 2018-19, viz. on March 22, 2019. The Committee, as on March 31, 2019, comprised of Mr. Aman Mehta, Mr. Ashwani Windlass and Mr. D.K. Mittal.

5. Stakeholders' Relationship Committee:

   The Committee met six times during the financial year 2018-19, viz. on May 25, 2018, August 6, 2018, November 14, 2018, December 24, 2018, February 11, 2019 and March 22, 2019. The Committee, as on March 31, 2019, comprised of Mr. Ashwani Windlass (Chairman), Mr. D.K. Mittal and Mr. Mohit Talwar.

6. Risk & Compliance Review Committee:

   The Committee met once during the financial year 2018-19, viz. on March 22, 2019. The Committee, as on March 31, 2019, comprised of Mr. Aman Mehta, Mr. Ashwani Windlass and Mr. D.K. Mittal.

7. Independent Directors:

   The Board of Directors included 5 Independent Directors as on March 31, 2019 viz. Mr. Am an Mehta, Mr. Dinesh Kumar Mittal, Mrs. Naina Lal Kidwai, Mr. Jai Arya and Sir Charles Richard Vernon Stagg. The Independent Directors had a separate meeting on August 6, 2018 during the financial year 2018-19. The meeting was conducted to:

   (a) Review the performance of non-independent Directors and the Board as a whole;

   (b) Review the performance of the Chairperson of the Company, taking into account the views of executive Directors and non-executive Directors; and

   (c) Assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Performance Evaluation of the Board

As per the requirements of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, formal Annual Evaluation process has been carried out for evaluating the performance of the Board, the Committees of the Board and the Individual Directors including Chairperson.

The performance evaluation was carried out by obtaining feedback from all Directors through a confidential online survey mechanism through Diligent Boards, a secured electronic medium through which the Company interfaces with its Directors. The outcome of this performance evaluation was placed before the meetings of the Nomination and Remuneration Committee and Independent Directors' and the Board meeting for the consideration of the members.

The review concluded by affirming that the Board as a whole as well as its Chairman, all of its members, individually and the Committees of the Board continued to display commitment to good governance by ensuring a constant improvement of processes and procedures and contributed their best in overall growth of the organization.

Key Managerial Personnel

As on the date of this Report, Mr. Mohit Talwar - Managing Director, Mrs. Sujatha Ratnam - Chief Financial Officer and Mr. Sandeep Pathak - Company Secretary are the Key Managerial Personnel ("KMP") of the Company, pursuant to the provisions of the Companies Act, 2013.

Mrs. Sujatha Ratnam has tendered her resignation and she will be continuing as Chief Financial Officer till end of business hours of June 30, 2019.

Human Resources

We are primarily engaged in growing and nurturing business investment as a holding Company in the business of life insurance and providing management advisory services to group companies. The remuneration of our employees is competitive with the market and rewards high performers across levels. The remuneration to Directors, Key Managerial Personnel and Senior Management are a balance between fixed, incentive pay and long-term equity program based on the performance objectives appropriate to the working of the Company and its goals and is reviewed periodically and approved by the Nomination and Remuneration Committee of the Board.

Details pursuant to Section 197(12) of the Act, read with the Rule 5(1) and Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached to this report as **Annexure - 5A** and **Annexure - 5B**.

As on March 31, 2019, there were 12 employees on the rolls of the Company.

Nomination and Remuneration Policy

In adherence to the provisions of Sections 134(3)(e) and 178(1) & (3) of the Act, the Board of Directors on the recommendation of the Nomination and Remuneration Committee, had approved a policy on Directors' appointment and remuneration. The said policy includes terms of appointment, criteria for determining qualifications, performance evaluation and other matters. Copy of the same is available on the website of the Company at www.maxfinancialservices.com/shareholder-information.

Corporate Social Responsibility ("CSR")

The Board of Directors of your Company has constituted a Corporate Social Responsibility Committee and adopted a CSR policy, as approved by the CSR Committee, copy of which is available on the website of the Company at www.maxfinancialservices.com/shareholder-information. The CSR Policy comprises Vision and Mission Statement, philosophy and objectives. It also explains the governance structure along with clarity on roles and responsibilities.

In terms of Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014, all Companies meeting the prescribed threshold criteria, i.e., net worth of Rs. 500 crores or more or turnover of Rs. 1,000 crores or more or net profits of Rs. 5 crore or more in any financial year are required to spend at least 2% of the average net profits of the Company for immediately preceding 3 financial years.

As per rule 2(f) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, any dividend received from other companies in India which are already covered and complying with the provisions of the CSR, shall not be included for the purposes of computation of 'net profits' for a company.

As Max Life Insurance Company Limited ("Max Life") from whom the Company has been receiving dividend, from time to time, discharged its CSR responsibilities for the financial year 2018–19, the dividend income received by the Company will be excluded for the purposes of computation of its 'net profits'. After excluding the dividend income received from Max Life, the Company does not have net profits computed as per the CSR rules. Therefore, it is not mandatorily required for the Company to spend on Corporate Social Responsibility for the financial year 2018-19. However, the Company has voluntarily given certain donations.

Business Responsibility Report

In terms of Clause 34(2)(f) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, a Business Responsibility Report, on various initiatives taken by the Company, is enclosed to this report as **Annexure - 6**.

Policy for Prevention of Sexual Harassment

Your Company has requisite policy for Prevention of Sexual Harassment, which is available on the website of the Company at www.maxfinancialservices.com/shareholder-information. The comprehensive policy ensures gender equality and the right to work with dignity. Your company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. No case was reported to the Committee during the year under review.

Loans, Guarantees or Investments in Securities

The details of loans given and investments made by the company pursuant to the provisions of Section 186 of the Act are provided in Note nos. 7 and 8 respectively, to the standalone financial statements of the Company for the FY 2018-19.

Management Discussion & Analysis

In terms of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a review of the performance of the Company, including those of your Company's subsidiary, is provided in the Management Discussion & Analysis section, which forms part of this Annual Report.

Report on Corporate Governance

The Company has complied with all the mandatory requirements of Corporate Governance specified by the

Securities and Exchange Board of India through Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As required by the said Clause, a separate Report on Corporate Governance forms part of the Annual Report of the Company.

A certificate from M/s Chandrasekaran Associates, Practicing Company Secretaries regarding compliance with the conditions of Corporate Governance pursuant to Part E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and a certificate from the Managing Director and Chief Financial Officer on compliance of Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Corporate Governance Report.

Copies of various policies adopted by the Company are available on the website of the Company at www.maxfinancialservices.com/shareholder-information.

Statutory Auditors and Auditors' Report

Pursuant to Sections 139 & 142 of the Act, M/s Deloitte Haskins and Sells, LLP, Chartered Accountants (Firm Registration Number: 117366W/W-100018), were appointed as the Statutory Auditors of the Company at 27th Annual General Meeting ("AGM") held on September 23, 2015 for a period of five years i.e. till the conclusion of the 32nd AGM of the Company to be held in the year 2020. Pursuant to an amendment in Section 139 of the Companies Act, 2013 effective May 7, 2018, there is no requirement of annual ratification of such appointment and hence the same is not being put up for shareholders' approval in the ensuing AGM.

There are no audit qualifications, reservations, disclaimers or adverse remarks or reporting of fraud in the Statutory Auditors Report given by M/s Deloitte Haskins and Sells, LLP, Statutory Auditors of the Company for the financial year 2018-19 as annexed in this Annual Report.

Secretarial Auditors and Secretarial Audit Report

Pursuant to Section 204 of the Act, your Company had appointed M/s Chandrasekaran Associates, Practicing Company Secretaries, New Delhi as its Secretarial Auditors to conduct the secretarial audit of the Company for the FY 2018-19. The Company provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The Report of Secretarial Auditor for the FY 2018-19 is annexed to this report as **Annexure - 7.**

There are no audit qualifications, reservations, disclaimers or adverse remarks in the said Secretarial Audit Report, except a remark on penalty paid by the Company to stock exchanges.

The Company was in receipt of letters from stock exchanges in respect of non-compliance of Regulation 17 of SEBI (LODR) Regulations, 2015 which required the Board of Directors of a Company to have equal number of Independent and Non- Independent Directors, in case the Company is having a promoter chairman. The said requirement had arisen for the Company on the appointment of Mr. Analjit Singh as the Chairman of the Board of Directors of the Company on July 23, 2018 and was subsequently complied in the Board meeting held on November 14, 2018. The Company had represented to NSE and BSE contending that the said regulation was silent on the timelines for compliance of the requirement and a reasonable time was required for identification and appointment of Independent Directors. Also, the appointment of promoter director as Chairman was on account of provision of Articles of the Company. However, both BSE and NSE had levied penalty of Rs 5,70,000/- each for period July 23, 2018 up to November 13, 2018 – which was paid UNDER PROTEST with a request to consider the special circumstances of the matter and waive off the penalty. NSE has formally communicated to the Company that such waiver cannot be granted.

Your Company complies with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.

Internal Auditors

The Company follows a robust Internal Audit process and audits are conducted on a regular basis, throughout the year, as per agreed audit plan. During the year under review, M/s MGC and KNAV, Global Risk Advisory LLP were re-appointed as Internal Auditors for conducting the Internal Audit of key functions and assessment of Internal Financial Controls etc.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed. The Management has reviewed the existence of various risk-based controls in the Company and also tested the key controls towards assurance for compliance for the present fiscal.

In the opinion of the Board, the existing internal control framework is adequate and commensurate with the size and nature of the business of the Company. Further, the testing of adequacy of internal financial controls over financial reporting has been also been carried out independently by the Statutory Auditors as mandated under the provisions of the Act.

During the year under review, there were no instances of fraud reported by the auditors to the Audit Committee or the Board of Directors.

Risk Management

Your Company considers that risk is an integral part of its business and therefore, it takes proper steps to manage all risks in a proactive and efficient manner. The Board has formed a Risk and Compliance Review Committee to identify the risks impacting the business, formulate strategies/ policies aimed at risk mitigation as part of risk management. Further, a core team comprising of senior management has also been formed to identify and assess key risks, risk appetite, tolerance levels and formulate strategies for mitigation of risks identified in consultation with process owners.

The Company has adopted a Risk Management policy, whereby, risks are broadly categorized into Strategic, Operational, Compliance and Financial & Reporting Risks. The Policy outlines the parameters of identification, assessment, monitoring and mitigation of various risks which are key to the business performance.

There are no risks which, in the opinion of the Board, threaten the very existence of your Company. However, some of the challenges / risks faced by its subsidiary have been dealt in detail in the Management Discussion and Analysis section of said subsidiary, forming part of this Annual Report.

Vigil Mechanism

The Company has a vigil mechanism pursuant to which a Whistle Blower Policy has been adopted and is in place. The Policy ensures that strict confidentiality is maintained whilst dealing with concerns raised and also that no discrimination will be meted out to any person for a genuinely raised concern in respect of any unethical and improper practices, fraud or violation of Company's Code of Conduct.

The said Policy, covering all employees, Directors and other persons having association with the Company, is hosted on the Company's website at www.maxfinancialservices.com/shareholder-information. A brief note on Vigil Mechanism / Whistle Blower Policy is also provided in the Report on Corporate Governance, which forms part of this Annual Report.

Cost Records

Your Company is not required to maintain cost records as specified by the Central Government under Section 148(1) of the Act.

Public Deposits

During the year under review, the Company has not accepted or renewed any deposits from the public.

Contracts or Arrangements with Related Parties

All transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis, except an ongoing transaction with Max Life Insurance Company Limited for allowing usage of trademarks without any consideration and an approval has already been obtained from shareholders of the Company in 2016 for the said transaction.

There is no material contract or arrangement in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Form AOC-2 furnishing particulars of contracts or arrangements entered into by the Company with related parties referred in Section 188(1) of the Companies Act, 2013, is annexed to this report as **Annexure - 8.**

The details of all the Related Party Transactions form part of Note no. 31 to the standalone financial statements attached to this Annual Report.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at www.maxfinancialservices.com/shareholder-information.

Particulars of Conservation Of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings & outgo as stipulated under Section 134(3)(m) of the Act read with Companies (Accounts) Rules, 2014 is as follows:

a) **Conservation of Energy**

(i) the steps taken or impact on conservation of energy: Regular efforts are made to conserve the energy through various means such as use of low energy consuming lightings, etc.

(ii) the steps taken by the Company for using alternate sources of energy: Since your Company is not an energy intensive unit, utilization of alternate source of energy may not be feasible.

(iii) capital investment on energy conservation equipment : Nil

b) **Technology Absorption**

Your Company is not engaged in manufacturing activities, therefore there is no specific information to be furnished in this regard.

There was no expenditure incurred on Research and Development during the period under review.

c) **Foreign Exchange Earnings and Outgo**

The foreign exchange earnings and outgo are given below:

Total Foreign Exchange earned	:	Nil
Total Foreign Exchange used	:	Rs. 448.69 Lacs

Extracts of Annual Return

Pursuant to Section 134(3)(a) and Section 92(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extracts of the Annual Return as at March 31, 2019 forms part of this report as **Annexure - 1**.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, it is hereby confirmed that:

(a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

(b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

(c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) The Directors had prepared the annual accounts on a going concern basis;

(e) The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

(f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year under review, there were no such significant and material orders passed by the regulators or courts or tribunals which could impact the going concern status and company's operations in future.

During the year 2006, the Ministry of Corporate Affairs had carried out an inspection, wherein certain technical offences were alleged by the Inspection Officer, based on which prosecution proceedings were initiated against the Company, its erstwhile Whole-time Directors and the Company Secretary at Chief Judicial Magistrate, Chandigarh. The Company had filed writ petition against the prosecution proceedings with the Hon'ble High Court of Punjab and Haryana. The Hon'ble High Court had stayed the proceedings and listed the case for arguments, which concluded in 2019.

The Hon'ble High Court passed the following judgements in the three matters on 5 March 2019:

(a) Non-display of registered office address at its corporate office in a prominent manner:

Decided in favour of the Company with no costs.

(b) Providing interest free loans to certain group companies:

A nominal compounding fee of INR 50,000 had been levied on the Company and the matter was disposed off. The said compounding fee has been paid by the Company in March 2019.

(c) Non-charging of interest on the excess remuneration received and refunded by former executive directors:

The Hon'ble High Court directed the former executive directors to pay simple interest @ 12 per cent per annum for the period such excess remuneration was retained by them. The Company has received the interest amount from the former executive directors aggregating Rs 31,89,492/-. In case of one such director, the number of days mentioned in the order were not correct and the Company has filed an application for rectification of the same.

TRANSFER OF UNCLAIMED DIVIDEND AND SHARES TO THE INVESTOR EDUCATION AND PROTECTION FUND

The Company had paid interim dividend in FY2012-13 and the unpaid dividend was transferred to a separate account in same year within prescribed time. After completion of 7 years, the unpaid amounts still lying in the said account shall be transferred to the Investor Education and Protection Fund, along with respective shares on which such dividend remains unpaid.

Unclaimed Shares

Regulation 39(4) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 inter alia requires every listed company to comply with certain procedure in respect of shares issued by it in physical form, pursuant to a public issue or any other issue and which remained unclaimed for any reason whatsoever.

The face value of the shares of the Company was split from Rs. 10/- each to Rs. 2/- each in the year 2007. Certain share certificates were returned undelivered and were lying unclaimed. The Company had sent necessary reminders to concerned shareholders, and subsequently such shares were transferred to the Unclaimed Suspense Account.

The voting rights on the equity shares lying in the said Unclaimed Suspense Account shall remain frozen till the rightful owner claims such shares. Further, all corporate benefits in terms of securities accruing on the said unclaimed shares viz. bonus shares, split, etc., if any, shall also be credited to the said Unclaimed Suspense Account.

The concerned shareholder(s) are requested to write to the Registrar and Share Transfer Agent to claim the said equity shares. On receipt of such claim, additional documents may be called for and subject to its receipt and verification, the said shares lying in the said Unclaimed Suspense Account shall be transferred to the depository account provided by the concerned shareholder(s) or the physical share certificate shall be delivered to the registered address of the concerned shareholder(s).

The details of Equity Shares held in the Unclaimed Suspense Account are as follows:

S. No.	Particulars	No. of Shareholders	No. of Equity Shares
1.	Aggregate number of shareholders and the outstanding shares originally lying in the Unclaimed Suspense Account **(as at beginning of the financial year i.e. April 1, 2018)**	2,191	4,71,060
2.	Number of shareholders who approached listed entity for transfer of shares from the Unclaimed Suspense Account during the year	12	3,265
3.	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account, during the year	14*	4,165
4.	Aggregate number of shareholders and the outstanding shares in the Suspense Account **(as at end of the financial year i.e. March 31, 2019)**	2,177	4,66,895

*Two cases comprising 900 shares were transferred from the Unclaimed Suspense Account in physical form in April

2018, corresponding requests having been received in FY2017-18.

Till date of this report, the Company has approved overall 26 such claims from shareholders, comprising 8415 shares, for transfer back of their shareholding from the Unclaimed Suspense Account in demat / physical form.

CAUTIONARY STATEMENT

Statements in this Report, particularly those which relate to Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied in the statement depending on the circumstances.

ACKNOWLEDGEMENTS

Your Directors would like to place on record their appreciation of the contribution made by its management and its employees who through their competence and commitment have enabled the Company to achieve impressive growth. Your Directors acknowledge with thanks the co-operation and assistance received from various agencies of the Central and State Governments, Financial Institutions and Banks, Shareholders, Joint Venture partners and all other business associates.

On behalf of the Board of Directors
Max Financial Services Limited

Place: New Delhi
Date: May 28, 2019

Sd/-
Mohit Talwar
Managing Director
DIN: 02394694

Sd/-
Sahil Vachani
Director
DIN: 00761695

Annexure 1 to the Directors' Report

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2019
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1	CIN	L24223PB1988PLC008031
2	Registration Date	24-02-1988
3	Name of the Company	Max Financial Services Limited (Formerly Max India Limited)
4	Category / Sub-category	Public Company Limited by Shares; Indian Non-Government Company
5	Address of the Registered office & contact details	Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab – 144 533 Phone : 01881-462000 Fax : 01881-273607 E-mail : investorhelpline@maxindia.com
6	Whether listed company	Listed Company
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Mas Services Limited T-34, 2nd Floor, Okhla Industrial Area Phase – II, New Delhi – 110020 Phone : 011- 26387281/82/83 Fax : 011 – 26387384 E-mail : info@masserv.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

The Company is engaged in the business of investments and providing consultancy services to group companies. However, since it is primarily engaged only in one business segment viz, "Business Investment" and most of the operations are in India, there are no separate reportable segments as per applicable accounting standards prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

The Business Activities of the Company namely Management Consultancy (NIC Code: 70200) and Investing in Subsidiaries (NIC Code: 64200), respectively constituted approx 8.6% and 91.4% of total turnover of the Company.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

As on March 31, 2019, the Company had only 1 subsidiary as detailed hereunder, and there was no holding / associate company:

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	%of shares held	Applicable Section
1.	Max Life Insurance Company Limited 419, Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab – 144 533	U74899PB2000PLC045626	Subsidiary	71.79%	2 (87) of the Companies Act, 2013

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

A. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/ HUF	420,833	0	420,833	0.16	420,333	0	420,333	0.16	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	80,881,905	0	80,881,905	30.14	75883275	0	75883275	28.17	(1.96)
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A)	**81,302,738**	**0**	**81,302,738**	**30.29**	**76303608**	**0**	**76303608**	**28.33**	**(1.96)**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	74734385	400	74734785	27.85	83171900	400	83172300	30.87	3.02
b) Banks / FI	403352	13250	416602	0.16	175718	13250	188968	0.07	(0.09)
c) Alternate Investment Funds	1129369	0	1129369	0.42	2533034	0	2533034	0.94	0.52
d) Central Govt	0	0	0	0	0	0	0	0.00	0.00
e) State Govt(s)	0	0	0	0	0	0	0	0.00	0.00
f) Venture Capital Funds	0	0	0	0	0	0	0	0.00	0.00
g) Insurance Companies	0	45750	45750	0.02	0	0	0	0.00	(0.02)
h) FIIs	11633206	0	11633206	4.33	10388572	0	10388572	3.86	(0.47)
i) Foreign Portfolio Investors	67511500	0	67511500	25.15	70025154	0	70025154	25.99	0.84
j) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0.00	0.00
k) Others (specify) FDI	0	0	0	0	0	0	0	0.00	0.00
Sub-total (B)(1):-	**155411812**	**59400**	**155471212**	**57.93**	**166294378**	**13650**	**166308028**	**61.74**	**3.81**

B) Shareholding of Promoter-

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year [As on 31-March-2018]			Shareholding at the end of the year [As on 31-March-2019]			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1.	Mr. Analjit Singh	10000	0.00	0.00	10000	0.00	0.00	0.00
2.	Mrs. Neelu Analjit Singh	100000	0.04	0.00	100000	0.04	0.00	0.00
3.	Ms. Piya Singh	110333	0.04	0.00	110333	0.04	0.00	0.00
4.	#Mr. Veer Singh	100500	0.04	0.00	100000	0.04	0.00	0.00
5.	Ms. Tara Singh Vachani	100000	0.04	0.00	100000	0.04	0.00	0.00
6.	Liquid Investment & Trading Co. P. Ltd	23818876	8.87	97.72	3675000	1.36	100.00	(7.51)
7.	Mohair Investment & Trading Co. (P) Ltd.	13690570	5.10	83.95	4690000	1.74	100.00	(3.36)
8.	@Max Ventures Investment Holdings P Ltd	43372459	16.16	71.87	67518275	25.06	76.27	8.90

sold shares to Max Ventures Investment Holdings Private Limited (promoter entity) through open market

@ Pursuant to Composite Scheme of Amalgamation and Arrangement approved by the Hon'ble National Company Law Tribunal, New Delhi vide its order pronounced on September 10, 2018, Liquid Investment & Trading Company Private Limited and Mohair Investment & Trading Company Private Limited, both entities were part of Promoter Group merged with Max Ventures Investment Holdings Private Limited, another promoter group entity. The certified copy of the said order was received on September 14, 2018 which was submitted with the Registrar of Companies, NCT of Delhi and Haryana on September 28, 2018. The shares from the demat account of Mohair Investment & Trading Company Private Limited and the demat account of Liquid Investment & Trading Company Private Limited to Max Ventures Investment Holdings Private Limited are under process.

C) **Change in Promoters' Shareholding (please specify, if there is no change)**

SN	Particulars	Shareholding at the beginning of the year [As on 31-March-2018]		Cumulative Shareholding during the year [As on 31-March-2019]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**Mr. Analjit Singh**				
	At the beginning of the year	10,000	0.00	10,000	0.00
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			10000	0.00
2.	**Mrs. Neelu Analjit Singh**				
	At the beginning of the year	100000	0.04	100000	0.04
	Increase/Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			100000	0.04
3.	**Ms. Piya Singh**				
	At the beginning of the year	110333	0.04	110333	0.04
	Increase /Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			110333	0.04
4.	**Mr. Veer Singh**				
	At the beginning of the year	100500	0.04	100500	0.04
	Increase / Decrease in Shareholding during the year ^04.09.2018	(500)	0.00	100000	0.04
	At the end of the year			100000	0.04
5.	**Ms. Tara Singh**				
	At the beginning of the year	100000	0.04	100000	0.04
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			100000	0.04
6.	**Liquid Investment & Trading Co. P. Ltd.**				
	At the beginning of the year	23818876	8.87	23818876	8.87
	Increase/Decrease in Shareholding during the year (Shares transferred to Max Ventures Investment Holdings Pvt. Ltd. pursuant to Scheme of Amalgamation and Arrangement explained above)	(20143876)		3675000	

SN	Particulars	Shareholding at the beginning of the year [As on 31-March-2018]		Cumulative Shareholding during the year [As on 31-March-2019]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the end of the year			3675000	1.36
7.	**Mohair Investment & Trading Co. P. Ltd.**				
	At the beginning of the year	13690570	5.10	13690570	5.10
	Increase / Decrease in Shareholding during the year (Shares transferred to Max Ventures Investment Holdings Pvt. Ltd. pursuant to Scheme of Amalgamation and Arrangement explained above)	(9000570)		4690000	
	At the end of the year			4690000	1.74
8.	**Max Ventures Investment Holdings P. Ltd.**				
	At the beginning of the year	43372459	16.16	43372459	16.16
	Increase / Decrease in Shareholding during the year 04.09.2018 (shares acquired from Liquid Investment & Trading Co. Pvt. Ltd. and Mohair Investment & Trading Co. Pvt. Ltd., pursuant to Scheme of Amalgamation and Arrangement explained above)	24145816		67518275	
	At the end of the year			67518275	25.06

^ sold shares to Max Ventures Investment Holdings Private Limited (promoter entity) through open market

D) Shareholding Pattern of top ten Shareholders:
(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 31-March-2018]		Cumulative Shareholding during the Year [As on 31-March-2019]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**Moneyline Portfolio Investments Limited**				
	At the beginning of the year	18070048	6.73	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	-	-	18070048	6.71
2.	**Reliance Emergent India Fund**				
	At the beginning of the year	18368381	6.85	-	-

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 31-March-2018]		Cumulative Shareholding during the Year [As on 31-March-2019]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Increase / Decrease in Shareholding during the year				
	06.04.2018	(5000)	0.00	18363381	6.85
	13.04.2018	(20000)	0.00	18343381	6.85
	20.04.2018	64000	0.02	18407381	6.87
	27.04.2018	(50000)	0.02	18357381	6.85
	04.05.2018	(3000)	0.00	18354381	6.85
	11.05.2018	(14000)	0.00	18340381	6.85
	18.05.2018	(13013)	0.00	18327368	6.85
	25.05.2018	(208797)	0.08	18118571	6.77
	01.06.2018	(128500)	0.05	17990071	6.72
	08.06.2018	(753000)	0.28	17237071	6.44
	29.06.2018	8400	0.00	17245471	6.44
	06.07.2018	138400	0.05	17383871	6.49
	13.07.2018	(6800)	0.00	17377071	6.49
	20.07.2018	62000	0.02	17439071	6.51
	27.07.2018	(646400)	0.24	16792671	6.27
	03.08.2018	(472800)	0.18	16319871	6.09
	10.08.2018	(10000)	0.00	16309871	6.09
	07.09.2018	115600	0.04	16425471	6.13
	14.09.2018	(15600)	0.00	16409871	6.13
	28.09.2018	100000	0.04	16509871	6.17
	12.10.2018	51000	0.02	16560871	6.19
	30.11.2018	(62400)	0.02	16498471	6.17
	07.12.2018	(87600)	0.03	16410871	6.14
	21.12.2018	(68000)	0.03	16342871	6.11
	28.12.2018	(9600)	0.00	16333271	6.11
	11.01.2019	(146000)	0.06	16187271	6.05
	19.01.2019	(32400)	0.01	16154871	6.04
	01.02.2019	(74928)	0.04	16079943	6.00
	08.02.2019	(65962)	0.03	16013981	5.97
	22.02.2019	1	0.00	16013982	5.97
	01.03.2019	46	0.00	16014028	5.97
	08.03.2019	11911	0.00	16025939	5.97
	15.03.2019	1526	0.00	16027465	5.97
	22.03.2019	460	0.00	16027925	5.97
	29.03.2019	(598388)	0.24	15429537	5.73
	At the end of the year	-	-	15429537	5.73
3.	**ICICI Prudential Business Cycle Fund Series 2**				
	At the beginning of the year	13759730	5.13	-	-

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 31-March-2018]		Cumulative Shareholding during the Year [As on 31-March-2019]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Increase / Decrease in Shareholding during the year				
	27.04.2018	(148000)	0.05	13611730	5.08
	11.05.2018	(622923)	0.23	12988807	4.85
	18.05.2018	(68018)	0.02	12920789	4.83
	25.05.2018	40923	0.02	12961712	4.85
	01.06.2018	96442	0.04	13058154	4.89
	15.06.2018	33210	0.01	13091364	4.90
	22.06.2018	173790	0.06	13265154	4.96
	06.07.2018	99200	0.04	13364354	5.00
	13.07.2018	(85200)	0.03	13279154	4.97
	20.07.2018	(126000)	0.05	13153154	4.92
	27.07.2018	(76)	0.00	13153078	4.92
	10.08.2018	12234	0.00	13165312	4.92
	31.08.2018	(108741)	0.04	13056571	4.88
	07.09.2018	(3094)	0.00	13053477	4.88
	14.09.2018	(169306)	0.06	12884171	4.82
	18.09.2018	30000	0.01	12914171	4.81
	21.09.2018	(18000)	0.00	12896171	4.81
	28.09.2018	(204831)	0.08	12691340	4.73
	05.10.2018	(310547)	0.12	12380793	4.61
	12.10.2018	202800	0.08	12583593	4.69
	26.10.2018	(67451)	0.02	12516142	4.67
	02.11.2018	116210	0.04	12632352	4.71
	30.11.2018	(21600)	0.01	12610752	4.70
	21.12.2018	(20400)	0.01	12590352	4.69
	28.12.2018	(2)	0.00	12590350	4.69
	11.01.2019	(45600)	0.02	12544750	4.67
	25.01.2019	(185195)	0.08	12359555	4.59
	01.02.2019	132297	0.05	12491852	4.64
	08.02.2019	94201	0.04	12586053	4.68
	15.02.2019	(136800)	0.05	12449253	4.63
	22.02.2019	(61200)	0.01	12388053	4.62
	01.03.2019	80808	0.02	12468861	4.64
	08.03.2019	107236	0.02	12576097	4.66
	15.03.2019	(36000)	0.01	12540097	4.65
	At the end of the year	-	-	12540097	4.65
4.	**HDFC Trustee Company Ltd. – HDFC Equity Saving**				
	At the beginning of the year	6150300	2.29	-	-

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 31-March-2018]		Cumulative Shareholding during the Year [As on 31-March-2019]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Increase / Decrease in Shareholding during the year				
	20.04.2018	479300	0.18	6629600	2.47
	18.05.2018	500000	0.19	7129600	2.66
	25.05.2018	500000	0.19	7629600	2.85
	01.06.2018	600000	0.22	8229600	3.07
	08.06.2018	805000	0.30	9034600	3.37
	15.06.2018	1100000	0.41	10134600	3.78
	22.06.2018	152000	0.06	10286600	3.84
	29.06.2018	170000	0.06	10456600	3.90
	06.07.2018	174000	0.06	10630600	3.96
	13.07..2018	155900	0.06	10786500	4.02
	03.08.2018	17100	0.00	10803600	4.02
	24.08.2018	65000	0.02	10868600	4.04
	28.09.2018	(6000)	0.00	10862600	4.04
	05.10.2018	200000	0.07	11062600	4.11
	19.10.2018	200000	0.07	11262600	4.18
	02.11.2018	300000	0.11	11562600	4.29
	At the end of the year	-	-	11562600	4.29
5.	**Motilal Oawal Focused 25 Fund**				
	At the beginning of the year	11015390	4.10	-	-
	Increase / Decrease in Shareholding during the year				
	06.04.2018	71239	0.03	11086629	4.13
	13.04.2018	50000	0.02	11136629	4.15
	27.04.2018	197103	0.07	11333732	4.22
	04.05.2018	107545	0.04	11441277	4.26
	18.05.2018	98137	0.04	11539414	4.30
	08.06.2018	(851938)	0.32	10687476	3.98
	15.06.2018	(48062)	0.02	10639414	3.96
	22.06.2018	250732	0.09	10890146	4.05
	29.06.2018	175576	0.06	11065722	4.11
	06.07.2018	110844	0.04	11176566	4.15
	03.08.2018	103362	0.04	11279928	4.19
	31.08.2018	201935	0.07	11481863	4.26
	07.09.2018	103482	0.04	11585345	4.30
	14.12.2018	(65232)	0.02	11520113	4.28
	11.01.2019	(129084)	0.05	11391029	4.23
	18.01.2019	(104450)	0.04	11286579	4.19
	01.02.2019	6257	0.00	11292836	4.19
	08.02.2019	64	0.00	11292900	4.19
	22.02.2019	64	0.00	11292964	4.19
	01.03.2019	64	0.00	11293028	4.19
	08.03.2019	128	0.00	11293156	4.19
	15.03.2019	(379140)	0.14	10914016	4.05
	22.03.2019	(141920)	0.05	10772096	4.00
	29.03.2019	(81449)	0.03	10690647	3.97
	At the end of the year	-	-	10690647	3.97
6.	**Baron Emerging Markets Fund**				
	At the beginning of the year	4918339	1.83	-	-

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 31-March-2018]		Cumulative Shareholding during the Year [As on 31-March-2019]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Increase / Decrease in Shareholding during the year				
	27.04.2018	550000	0.20	5468339	2.03
	08.06.2018	165000	0.06	5633339	2.09
	15.06.2018	364782	0.14	5998121	2.23
	22.06.2018	285218	0.11	6283339	2.34
	03.08.2018	254155	0.09	6537494	2.43
	10.08.2018	322823	0.12	6860317	2.55
	21.09.2018	129437	0.05	6989754	2.60
	30.11.2018	45000	0.02	7034754	2.62
	11.01.2019	(65930)	0.02	6968824	2.60
	15.02.2019	90000	0.03	7058824	2.63
	22.03.2019	230181	0.08	7289005	2.71
	At the end of the year	-	-	7289005	2.71
7.	**Aditya Birla Sun Life Trustee Private Limited**				
	At the beginning of the year	7902036	2.94	-	-
	Increase / Decrease in Shareholding during the year				
	13.04.2018	(21900)	0.01	7880136	2.93
	20.04.2018	(224141)	0.08	7655995	2.85
	27.04.2018	(250800)	0.09	7405195	2.76
	18.05.2018	(206235)	0.08	7198960	2.68
	25.05.2018	27500	0.01	7226460	2.69
	15.06.2018	2000	0.00	7228460	2.69
	03.08.2018	51522	0.02	7279982	2.71
	24.08.2018	62100	0.02	7342082	2.73
	31.08.2018	(48000)	0.02	7294082	2.71
	14.09.2018	(6614)	0.00	7287468	2.71
	28.09.2018	(22800)	0.01	7264668	2.70
	05.10.2018	(61200)	0.02	7203468	2.68
	02.11.2018	25000	0.01	7228468	2.69
	01.02.2019	200000	0.07	7428468	2.76
	08.02.2019	100000	0.03	7528468	2.79
	29.03.2019	(540500)	0.20	6987968	2.59
	At the end of the year	-	-	6987968	2.59
8.	**Government Pension Fund Global**				
	At the beginning of the year	2901333	1.08	-	-
	Increase / Decrease in Shareholding during the year				
	13.07.2018	347074	0.13	3248407	1.21
	20.07.2018	182000	0.07	3430407	1.28
	27.07.2018	180302	0.07	3610709	1.35
	03.08.2018	419783	0.16	4030492	1.51
	18.09.2018	312896	0.12	4343388	1.63
	12.10.2018	303178	0.11	4646566	1.74
	11.01.2019	46300	0.02	4692866	1.76
	18.01.2019	223446	0.08	4916312	1.84
	25.01.2019	60890	0.02	4977202	1.86
	15.02.2019	211367	0.08	5188569	1.94
	22.02.2019	63764	0.02	5252333	1.96
	01.03.2019	111606	0.03	5363939	1.99
	At the end of the year	-	-	5363939	1.99
9.	***New York Life Insurance Company**				

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 31-March-2018]		Cumulative Shareholding during the Year [As on 31-March-2019]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	10000	0.00	-	-
	Increase / Decrease in Shareholding during the year				
	14.12.2018	327852	0.12	337852	0.12
	21.12.2018	4999130	1.86	5336982	1.98
	At the end of the year	-	-	5336982	1.98
10.	**Mirae Asset Tax Saver Fund**				
	At the beginning of the year	2862401	1.07	-	-
	Increase / Decrease in Shareholding during the year				
	06.04.2018	46083	0.02	2908484	1.09
	20.04.2018	15000	0.00	2923484	1.09
	27.04.2018	1001000	0.37	3924484	1.46
	01.06.2018	17000	0.00	3941484	1.46
	15.06.2018	250000	0.09	4191484	1.55
	22.06.2018	256000	0.09	4447484	1.64
	13.07.2018	87667	0.03	4535151	1.67
	03.08.2018	208000	0.08	4743151	1.75
	10.08.2018	100000	0.04	4843151	1.79
	14.09.2018	(360000)	0.13	4483151	1.66
	18.09.2018	(514352)	0.19	3968799	1.47
	21.09.2018	(114475)	0.04	3854324	1.43
	28.09.2018	(200000)	0.07	3654324	1.36
	05.10.2018	35000	0.01	3689324	1.37
	02.11.2018	(120000)	0.04	3569324	1.33
	09.11.2018	(100000)	0.04	3469324	1.29
	16.11.2018	(201458)	0.07	3267866	1.22
	30.11.2018	(430000)	0.16	2837866	1.06
	07.12.2018	(500000)	0.19	2337866	0.87
	14.12.2018	(95363)	0.03	2242503	0.84
	21.12.2018	2000	0.00	2244503	0.84
	28.12.2018	(30000)	0.01	2214503	0.83
	01.02.2019	1500	0.00	2216003	0.83
	15.03.2019	550091	0.20	2766094	1.03
	22.03.2019	354456	0.13	3120550	1.16
	29.03.2019	1481090	0.55	4601640	1.71
	At the end of the year	-	-	4601640	1.71
11.	**Kotak Equity Opportunities Fund**				
	At the beginning of the year	4542954	1.69	-	-

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 31-March-2018]		Cumulative Shareholding during the Year [As on 31-March-2019]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Increase / Decrease in Shareholding during the year				
	06.04.2018	(118000)	0.04	4424954	1.65
	13.04.2018	63000	0.02	4487954	1.67
	20.04.2018	259000	0.10	4746954	1.77
	27.04.2018	(214000)	0.08	4532954	1.69
	04.05.2018	19000	0.00	4551954	1.69
	11.05.2018	44000	0.02	4595954	1.71
	18.05.2018	42000	0.02	4637954	1.73
	25.05.2018	4000	0.00	4641954	1.73
	01.06.2018	52000	0.02	4693954	1.75
	08.06.2018	73000	0.03	4766954	1.78
	15.06.2018	169000	0.06	4935954	1.84
	22.06.2018	37200	0.01	4973154	1.85
	29.06.2018	84800	0.03	5057954	1.88
	06.07.2018	83672	0.03	5141626	1.91
	13.07.2018	(143472)	0.05	4998154	1.86
	20.07.2018	(220800)	0.08	4777354	1.78
	27.07.2018	(88800)	0.03	4688554	1.75
	03.08.2018	(75600)	0.03	4612954	1.72
	10.08.2018	(104400)	0.04	4508554	1.68
	17.08.2018	12000	0.00	4520554	1.68
	24.08.2018	(6000)	0.00	4514554	1.68
	31.08.2018	(6000)	0.00	4508554	1.68
	14.09.2018	(32400)	0.01	4476154	1.67
	18.09.2018	(3600)	0.00	4472554	1.67
	21.09.2018	(27600)	0.01	4444954	1.66
	28.09.2018	(165600)	0.06	4279354	1.60
	05.10.2018	90000	0.03	4369354	1.63
	12.10.2018	21600	0.01	4390954	1.64
	19.10.2018	(1200)	0.00	4389754	1.64
	26.10.2018	(34800)	0.01	4354954	1.63
	02.11.2018	48000	0.02	4402954	1.65
	09.11.2018	60000	0.02	4462954	1.67
	16.11.2018	30000	0.01	4492954	1.68
	23.11.2018	(27600)	0.01	4465354	1.67
	30.11.2018	37200	0.01	4502554	1.68
	07.12.2018	126000	0.05	4628554	1.73
	14.12.2018	87600	0.03	4716154	1.76
	21.12.2018	(51600)	0.02	4664554	1.74
	28.12.2018	(114000)	0.04	4550554	1.70
	04.01.2019	(54000)	0.02	4496554	1.68
	11.01.2019	(88800)	0.03	4407754	1.65
	25.01.2019	21600	0.01	4429354	1.66
	01.02.2019	(9600)	0.00	4419754	1.66
	08.02.2019	192628	0.07	4612382	1.73
	15.02.2019	(92400)	0.03	4519982	1.70
	22.02.2019	(1200)	0.00	4518782	1.70
	01.03.2019	4800	0.00	4523582	1.70
	08.03.2019	175200	0.05	4698782	1.75
	22.03.2019	(82800)	0.04	4615982	1.71
	29.03.2019	(79200)	0.03	4536782	1.68
	At the end of the year	-	-	4536782	1.68

* become shareholder w.e.f. December 7, 2018

E) **Shareholding of Directors and Key Managerial Personnel:**

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year [As on 31-March-2018]		Cumulative Shareholding during the year [As on 31-March-2019]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Mr. Mohit Talwar, Managing Director**				
	At the beginning of the year	27,063	0.01	27,063	0.01
	Increase / Decrease in Shareholding during the year				
	@05.04.2018	21,710	0.01	48,773	0.02
	@21.12.2018	1,10,750	0.04	1,59,523	0.06
	At the end of the year			1,59,523	0.06
2	**Mr. Ashwani Windlass, NED**				
	At the beginning of the year	28,450	0.01	28,450	0.01
	Increase / Decrease in Shareholding during the year	-	-	-	
	At the end of the year			28,450	0.01
3	**#Mr. Rajesh Khanna, ID**				
	At the beginning of the year	25,000	0.01	25,000	0.01
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			25,000	0.01
4	**Mr. Aman Mehta, ID**				
	At the beginning of the year	29,000	0.01	29,000	0.01
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			29,000	0.01
5	**Mrs. Sujatha Ratnam, CFO**				
	At the beginning of the year	100	0.00	100	0.00
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			100	0.00

@ Allotment of equity shares under ESOP

resigned from the Board of Directors on February 11, 2019

V. INDEBTEDNESS:

Indebtedness of the Company, including interest outstanding/accrued but not due for payment: NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S.No	Particulars of Remuneration	Name of MD/WTD/ Manager **Mr. Mohit Talwar** Managing Director	Total Amount (Rs.)
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7,22,27,181	7,22,27,181
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 except stock options	12,96,628	12,96,628
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL
2	Stock Options^	2,19,22,861	2,19,22,861
3	Sweat Equity	NIL	NIL
4	Commission	NIL	NIL
	- as % of profit		
	- others, specify...		
5	Others:		
	- Company Contribution to PF	19,09,555	19,09,555
	- Medical Reimbursements	NIL	NIL
	- Medical Insurance Premium	52,260	52,260
	- Personal Accident Insurance Premium	460	460
	Total	**9,74,08,945**	**9,74,08,945**
	Ceiling as per the Act		NA

^ Perquisite value of stock options exercised during the year

B. Remuneration to other directors:

S. No.	Particulars of Remuneration	Mrs. Naina Lal Kidwai (ID)	Mr. Rajesh Khanna (ID)	Mr. Aman Mehta (ID)	Mr. D.K. Mittal (ID)	Mr. Ashwani Windlass (NED)	Mr. Sanjay Omprakash Nayar (NED)	Sahil Vachani (NED)	Mr. Analjit Singh (NED)	Mr. Jai Arya (ID)	Sir CRV Stagg (NED)	Total Amount
1	**Independent Directors (ID):**											
	Fee for attending board and committee meetings	21,00,000	22,00,000	7,00,000	28,00,000	NIL	NIL	NIL	NIL	2,00,000	2,00,000	82,00,000
	Commission	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total (1)	21,00,000	22,00,000	7,00,000	28,00,000	NIL	NIL	NIL	NIL	2,00,000	2,00,000	82,00,000
2	**Other Non-Executive Directors (NED):**											
	Fee for attending board and committee meetings	NIL	NIL	NIL	NIL	27,00,000	NIL	3,00,000	3,00,000	NIL	NIL	33,00,000
	Commission	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total (2)	NIL	NIL	NIL	NIL	27,00,000	NIL	3,00,000	3,00,000	NIL	NIL	33,00,000
	Total Remuneration = (1) + (2)	21,00,000	22,00,000	7,00,000	28,00,000	27,00,000	NIL	3,00,000	3,00,000	2,00,000	2,00,000	115,00,000

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

Sl No.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount (Rs.)
		CEO	Mrs. Sujatha Ratnam (CFO)	Mr. Sandeep Pathak (CS)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	--	1,95,43,221	82,47,342	2,77,90,563
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 except stock options	--	28,800	-	28,800
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit				
	- others, specify...				
5	Others:				
	- Company Contribution to PF	-	8,33,437	3,25,762	11,59,199
	- Medical Reimbursements		--	--	--
	- Medical Insurance Premium	-	52,260	52,260	1,04,520
	- Personal Accident Insurance Premium		460	460	920
	Total	**-**	**2,04,58,178**	**86,25,824**	**2,90,84,002**

VII. PENALTIES / PUNISHMENT/COMPOUNDING OF OFFENCES:

The Company was in receipt of letters from stock exchanges in respect of non-compliance of Regulation 17 of SEBI (LODR) Regulations, 2015 which required the Board of Directors of a Company to have equal number of Independent and Non- Independent Directors, in case the Company is having a promoter chairman. The said requirement had arisen for the Company on the appointment of Mr. Analjit Singh as the Chairman of the Board of Directors of the Company on July 23, 2018 and was subsequently complied in the Board meeting held on November 14, 2018. The Company had represented to NSE and BSE contending that the said regulation was silent on the timelines for compliance of the requirement and a reasonable time was required for identification and appointment of Independent Directors. Also, the appointment of promoter director as Chairman was on account of provision of Articles of the Company. However, both BSE and NSE had levied penalty of Rs 5,70,000/- each for period July 23, 2018 up to November 13, 2018 – which was paid UNDER PROTEST with a request to consider the special circumstances of the matter and waive off the penalty. NSE has formally communicated to the Company that such waiver cannot be granted.

Annexure 2 to the Directors' Report

Form AOC-1

(Pursuant to first proviso to sub section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the Financial Statement of subsidiaries / associate companies / joint ventures

Part "A" - Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs)

(Amount in Rs Lakhs)

Sl. No.	Name of Subsidiary Company	Date since when subsidiary was acquired	Reporting period for the subsidiary concerned	Reporting Currency and Exchange rate as on the last date of relevant financial year in the case of foreign subsidiaries	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	Extent of Shareholding (in %)
1	Max Life Insurance Company Limited	11 July, 2000	31 March, 2019	INR	191,881.29	84,782.18	6,592,702.94	6,316,039.47	6,279,792.91	1,953,482.65	62,264.19	6,622.07	55,642.12	16,309.91	71.79%
	Part "B" - Associate Companies and Joint-Ventures														
	Not Applicable, as there are no Associates / Joint Ventures														

Annexure 3 to the Directors' Report

DIVIDEND DISTRIBUTION POLICY

BACKGROUND:

Max Financial Services Limited ("the Company") has been paying dividends in past, based on the dividend distributed by its subsidiary Max Life Insurance Company Limited and after taking into account liquidity requirements of the Company.

While the aforesaid is the stated dividend distribution policy of the Company, it is proposed to formulate a Dividend Distribution Policy in line with Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations").

OBJECTIVE:

The objective of the Dividend Distribution Policy ("the policy") is to broadly specify the external and internal factors including financial parameters that shall be considered while declaring dividend. The policy is broadly in line with the provisions of the Companies Act, 2013 and SEBI Regulations ("applicable laws") read with the relevant clauses of the Articles of Association of the Company, to the extent applicable.

The policy establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company.

The Company currently has no other class of shares. Therefore, dividend declared if any will be distributed amongst all equity shareholders, based on their shareholding on the record date. The Company stands committed to deliver sustainable value to all its stakeholders.

PARAMETERS FOR DECLARATION OF DIVIDEND:

Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting ("AGM") of the shareholders. The Board may also declare interim dividends as may be permitted as per the applicable laws.

The Board of Directors of the Company would consider the following financial parameters and factors before declaring or recommending dividend to shareholders:

Internal Factors / Financial Parameters:

- Operating cash flow of the Company
- Profits earned during the year
- Profits available for distribution
- Earnings Per Share (EPS)
- Dividend, if any, declared by Subsidiary
- Working capital requirements
- Capital expenditure requirement
- Business expansion and growth
- Likelihood of crystalization of contingent liabilities, if any
- Additional investment in subsidiary
- Creation of contingency fund
- Acquisition of brands and business
- Cost of Borrowing
- Past dividend payout ratio / trends

External Factors:

- Economic environment
- Statutory provisions and guidelines
- Dividend pay out ratios of companies in the same industry

CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND:

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year(s) or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy.

The Company shall not recommend dividend, if it is of the opinion that it is financially not prudent to do so. The shareholders of the Company may not expect Dividend under the following circumstances:

- In case the Company is undertaking significant expansion which would require higher allocation of resources

- If the Company requires significant amount of working capital to fund its future growth
- In case the Company proposes to utilise surplus cash for buy back of securities
- Whenever the Company undertakes any acquisitions or joint ventures requiring significant allocation of capital or in case the company expands its stake in its subsidiary
- In the event of inadequacy of profits or whenever the Company has incurred losses

The profits being retained in the business shall be continued to be deployed in the Company and thus contributing to the growth to the business and operations of the Company.

MODIFICATIONS IN THE POLICY:

The Board of Directors is authorized to change/amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the applicable laws.

DISCLOSURE:

The policy will be available on the Company's website and will also be disclosed in the Company's annual report.

Annexure 4 to the Directors' Report

Details of Max Employees Stock Plan – 2003, pursuant to SEBI Regulations and Companies Act, 2013 for the year ended 31st March, 2019

A. Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time:

Details provided in Note no. 29 of Standalone Financial Statements for the year ended 31st March, 2019.

B. Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time:

Rs. 1.83 per share.

C. Summary of status of ESOS granted:

i. The description of Max Employee Stock Plan 2003 is summarised as under:

S. No.	Particulars	
1	Date of shareholders' approval	September 30, 2003
2	Total number of options approved under ESOS	1,33,14,787
3	Vesting requirements	Vesting may be time based or performance based as determined by the Nomination and Remuneration Committee ("NRC"), from time to time, under the relevant Option Agreement.
4	Exercise price or pricing formula	As determined by the NRC, under the relevant Option Agreement.
5	Maximum term of options granted	As determined by the NRC, subject to the compliance of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
6	Source of shares (primary, secondary or combination)	Primary
7	Variation in terms of options	In February 2019, NRC approved the acceleration of the vesting of the unvested options granted to Mr. Rahul Khosla in view of his cessation of office on March 31, 2019.

ii. Method used to account for ESOS:

The Company has adopted intrinsic value method of Valuation.

iii. Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed : Nil

iv. Option movement during the year:

Number of options outstanding at the beginning of the period	11,32,767
Number of options granted during the year	Nil
Number of options forfeited / lapsed during the year	Nil
Number of options vested during the year	10,01,752

Number of options exercised during the year	10,01,752
Number of shares arising as a result of exercise of options	10,01,752
Money realized by exercise of options (INR), if scheme is implemented directly by the company	24,18,65,404
Loan repaid by the Trust during the year from exercise price received	Not Applicable. The ESOP Plan is not administered by any Trust.
Number of options outstanding at the end of the year	1,31,015

i. Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock:

Weighted average exercise price for options exercised during FY18-19 was Rs. 425.52 Further, the weighted average fair value of the outstanding options as on 31st March 2019 was Rs. 224.82 For details, please refer to Note no. 29 of Standalone Financial Statements.

ii. Employee wise details of options granted - No ESOPs were granted by the Company during the financial year 2018-19.

a) Senior Managerial Personnel	NIL
b) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and	NA
c) Identified employees who were granted option during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	NIL

iii. A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:

No ESOPs were granted by the Company during the financial year 2018-19.

weighted-average values of share price (at time of grant)	NA
exercise price	NA
expected volatility	NA
expected option life (in years)	NA
expected dividends	NA
risk-free interest rate	NA
any other inputs to the model	NA
the method used and the assumptions made to incorporate the effects of expected early exercise	NA
how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	NA
whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	NA

Annexure 5A to the Directors' Report

INFORMATION AS PER SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDE D MARCH 31, 2019

A. The table containing the names and other particulars of employees in accordance with the provisions of Section 197(12) of the Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, is appended below:

Key Managerial Remuneration (including Whole–time Directors' Remuneration)

Sl. No.	Name	Designation	Remuneration for FY18 (INR Cr.)	Remuneration for FY19 (INR Cr.)	% Increase in Remuneration in FY19 vs. FY18
1	Mr. Mohit Talwar[1]	Managing Director	14.36	9.74	-32.19%
2	Ms. Sujatha Ratnam	Chief Financial Officer	1.92	2.05	6.46%
3	Mr. Sandeep Pathak [2]	Company Secretary	0.52	0.86	65.54%

[1] Mr. Mohit Talwar's remuneration includes the perquisite value of Rs. 2.19 crores, being the value of ESOPs exercised during the year under review against the ESOPs granted earlier (corresponding value in FY18 was Rs. 8.58 crores)

[2] Mr. Sandeep Pathak's role has been enlarged and he has been given additional responsibility as Head – Legal (Max Corporate) with effect June 14, 2018. The remuneration for FY 2019 includes the performance bonus of both FY 2019 and FY 2018.

B. The Median Remuneration of Employees excluding Whole-time Directors ("MRE") was Rs. 40,37,881/- in FY19 as against Rs.39,04,383/- in FY18. The increase in MRE in FY19 as compared to FY18 is around 3.4%.

Further, the Ratio of Remuneration of Mr Mohit Talwar (the only executive director as on March 31, 2018) to the MRE for FY19 is around 24.1 : 1

As the Non-executive Directors of the Company have been receiving remuneration only in the form of Sitting Fees for attending the meetings of Board of directors or committees thereof, their remuneration details have not been considered while disclosing particulars under A and B above.

C. The number of permanent employees on the rolls of the Company as on March 31, 2019 was 12, as against 13 permanent employees as on March 31, 2018.

D. The average increase in fixed remuneration (excluding WTD remuneration) in FY19 over FY18 was around 12.8%. This was based on the industry benchmarks and approval of the Nomination and Remuneration Committee.

E. The increase in fixed remuneration for WTD and KMPs was 11.9% over previous year.

Managerial personnel's variable components are linked to assessment of individual performance with differentiation for high performers, potential, criticality of the role for the Company and relative market competitiveness. All long term variable components are linked to value creation for shareholders. The Company's Remuneration policy ensures that it attracts, motivates, and retains key talent by enabling differentiated rewards for high performers who live by the values of the Company. The remuneration policy reflects the Company's objectives for good corporate governance as well as sustained long term value creation for all stakeholders.

The Remuneration paid during the financial year under review was as per the remuneration policy of the Company.

During FY19, there was no such employee who received remuneration in excess of the remuneration paid to Executive Director(s) and held 2% or more of the equity shares in the Company, along with spouse and / or dependent children.

Annexure 5B to the Directors' Report

PARTICULARS OF EMPLOYEES

INFORMATION AS PER SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2019

DETAILS OF TOP TEN EMPLOYEES IN TERMS OF REMUNERATION, AND INCLUDES ALL EMPLOYEES WHO WERE IN RECEIPT OF REMUNERATION OF (A) RS. 102,00,000/- PER ANNUM OR MORE, OR (B) RS. 8,50,000/- PER MONTH OR MORE, IF EMPLOYED FOR PART OF THE YEAR

Sr. No.	Name	Age (Yrs.)	Designation	Nature of duties	Remuneration (In Rs.)	Qualification	Date of Commencement of employment	Experience (Yrs.)	Last Employment Held Organisation	Position held
A.	Employed throughout the year									
1	Khosla, Rahul	60	Executive President	General Management	714,376,809	BA (Hons), CA	18.08.2011	35	Visa	Group Head of Products
2	Pai, Ramachandra Vishnu	52	Manager - Administration	Administration	2,114,185	B.Com	18.09.1995	31	Johnson & Johnson	Warehousing Supervisor
3	Pathak, Sandeep	39	Company Secretary (MFSL) & Head-Legal (Max Corp)	Company Secretary	8,625,824	B.Com (Hons), FCS, FCMA, ACA, LLB	05.07.2016	19	Sembcorp Green Infra Limited	General Manager - Company Secretary
4	Ramsundar, K K	61	Admn. Assistant, Office of Founder & Chairman Emeritus	Administration	8,528,448	B.Com (P), PGDBA, PGDMM	21.06.1981	43	Ranbaxy Labs Limited	Steno Typist
5	Ratnam, Sujatha	55	Chief Financial Officer	Corporate Treasury	20,458,178	B. Com (Hons), ACA	12.07.2004	30	Jubilant Orgnosys Ltd.	General Manager - Finance
6	Rao, Anuradha	60	Executive Assistant, Office of Founder & Chairman Emeritus	Executive Assistant	5,730,821	BA (Hons)	03.06.1987	40	Northern Engineering Industries (India) Limited	Assistant cum Secretary
7	Soni Vinod	34	Assistant Manager - Facilities and F&B Manager	Administration	1,373,447	Post Graduation Certificate in Food Quality Management, Diploma in Hospitality & Tourism	20.04.2015	13	Faculty Food & Beverage Service	International Institute of Hotel Management
8	Talwar, Mohit	59	Managing Director	General Management	97,408,945	Post Graduate (Arts), Post Graduate (Hospitality Management)	01.11.2007	40	Standard Chartered Bank	Director & Head Wholesale Bank, East India
9	Thakur, Ananth Singh	45	General Manager - External Affairs	External Affairs	4,038,071	MBA	06.06.2011	24	Aviva Life Insurance	State Head (BSA)
10	Trehan, Vandana	44	Executive Assistant to Executive President	Executive Assistant	3,195,127	PGDBM	16.08.2011	19	TSYS International	Executive Assistant
B.	Employed for part of the year									
11	Pandey, Archana	59	Senior Director - Corporate Affairs	Corporate Affairs	21,962,548	MA in Psychology, PGD in Advertising & PR, PGD in Marketing & Sales Mgmt.	08.06.2012	36	Abbott Healthcare Pvt Ltd.	Head - Government Affairs

Notes :

1 Remuneration includes salary, allowances, value of rent free accommodation, bonus, value of ESOPs exercised, medical expenses, leave travel assistance, personal accident and health insurance, Company's contribution to Provident, Pension, Gratuity and Superannuation fund, leave encashment and value of perquisites, as applicable.

2 None of the above employees is a relative of any director of the Company.

3 All appointments are / were contractual in accordance with the terms and conditions as per Company Rules / Policies.

4 Mr. Mohit Talwar holds 159523 equity shares constituting 0.06% of the equity share capital of the Company, as of the date of this report.

5 None of the above employees held 2% or more equity shares of the Company, by himself / herself or alongwith his / her spouse and dependent children .

On behalf of the Board of Directors

Sd/-
Sahil Vachani
Director
DIN: 00761695

Sd/-
Mohit Talwar
Managing Director
DIN: 02394694

New Delhi
May 28, 2019

Annexure – 6 to the Directors' Report

BUSINESS RESPONSIBILITY REPORT

Section A	General information about the Company	
1	Corporate Identification Number	L24223PB1988PLC008031
2	Name of the Company	Max Financial Services Limited (formerly Max India Limited)
3	Registered address	Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr Punjab 144533
4	Website	www.maxfinancialservices.com
5	Email address	investorhelpline@maxindia.com
6	Financial year reported	1 April 2018 – 31 March 2019
7	Sector(s) that the Company is engaged in	Investments and Consultancy services to group companies
8	Three key products/services manufactured/ provided by the Company	1. Investments in subsidiaries (NIC Code – 64200) 2. Management Consultancy (NIC Code – 70200)
9	Total number of locations where business activity is undertaken by the Company	Two locations: Registered office at Nawanshahr (Punjab) and Corporate office at New Delhi
10	Markets served by the Company	India
Section B	**Financial details of the Company**	
1	Paid-up capital	Rs. 53.88 crore
2	Total turnover	Rs. 316.63 crore (revenue from operations)
3	Total profit after tax	Rs. 49.38 crore
4	Total spending on CSR as percentage of profit after tax	N.A. (Refer Directors' Report)
5	List of the activities in which expenditure in 4 above has been incurred	N.A.
Section C	**Other details**	
1	Does the Company have any Subsidiary Company/Companies?	Yes
2	Do the Subsidiary Company/Companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	The Company's subsidiary Max Life Insurance Company Limited engages in BR initiatives for the group. For detailed information, please refer to Business Responsibility Review section of this Annual Report.
3	Do any other entity/entities (e.g., suppliers, distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities [Less than 30%, 30-60%, More than 60%]	No NA

Section D	BR information	
1a	Details of Director(s) responsible for BR	Mr. Mohit Talwar (DIN: 02394694)
		Managing Director
1b	Details of the BR head	Name: Mrs. Sujatha Ratnam
		Designation: CFO
		Telephone number: (011) 42598000
		Email ID: sratnam@maxindia.com
2	Principle-wise BR policy/policies	Included in this report
3	Governance related to BR	Included in this report
Section E	**Principle-wise performance**	
1	Principle-wise performance	Included in this report

Preface

As mandated by Securities and Exchange Board of India (SEBI), India's top 500 listed entities based on market capitalisation on the BSE and NSE, are required to submit a 'Business Responsibility Report' (BRR) along with their Annual Report. Max Financial Services Limited (MFSL) presents its second BRR in line with the requirements of SEBI. This BRR provides information on key initiatives undertaken by the Company and / or its subsidiary.

MFSL is the holding company of Max Life Insurance Company Limited (an unlisted material subsidiary), which continued to work with Max India Foundation to implement its CSR programme which has a focus on healthcare, sanitation, safe drinking water, environment protection, financial literacy & insurance awareness and village adoption. It is committed to attaining the highest standards of service in protecting and enhancing the financial future of its customers by adhering to a set of values that is shared across the Group – Sevabhav (spirit of service), Excellence and Credibility.

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

MFSL continues to adopt high standards of corporate governance, adhering to all applicable guidelines with transparent disclosures about the Company's performance. As the holding company of life insurance business, MFSL considers ethics, transparency and accountability to be its top-most priority.

MFSL has a Code of Conduct for the Company's Directors and Senior Management. A declaration of the Directors and Senior Management's affirmation to this Code of Conduct is communicated to all stakeholders by the Managing Director in the Annual Report.

MFSL has established a Whistle Blower Policy, which lays down the process to report any unethical behaviour or violation of the Code of Conduct. Employees can report to the Management any instances of unethical behaviour, or suspected fraud or violation of the Code of Conduct. Adequate measures are in place to ensure safeguards against victimization of employees who report any unethical behaviour. There is also a provision for direct access to the Chairman of the Audit Committee in exceptional cases. All whistle blower complaints are investigated and action is initiated, wherever required.

No complaints linked to the Code of Conduct adherence were received in the reporting year.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

MFSL endeavors to contribute to sustainability and conservation of resources in all possible manners. All Board level meetings have been paperless for more than 5 years, with Directors and other participants accessing relevant material electronically.

Principle 3: Businesses should promote the well-being of all employees

As of 31st March 2019, MFSL had a total of 12 employees, which included 5 women employees. There were no temporary or contractual employees in the reporting year. As a holding company with limited areas of operations, the Company's staffing is adequate and commensurate with the scale of its business. The Company believes its employees are its greatest strength and invests in the growth and development of all its employees and engages with them on a regular basis. Employees are also given opportunities to move across other Group companies to get wider exposure.

MFSL has policies and procedures in place to prevent any kind of discrimination. It has a 'Policy on Prevention of Sexual Harassment at Workplace' in place to ensure the safety and security of its female employees. The Company did not receive any complaint relating to child labor, forced labor, involuntary labor or sexual harassment in 2018-19 and none were pending as of 31 March 2019.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

MFSL is an equal opportunity employer. Remuneration practices are based on merit, without regard to the person's ethnic background or gender, and are periodically updated based on market benchmarks. The Company ensures there is no discrimination of any type against socially disadvantaged sections in the work place.

MFSL regularly undertakes initiatives to engage with its internal and external stakeholders. The Company has robust mechanisms in place which ensure full, fair, accurate, timely and understandable disclosures to all our shareholders and investors.

Principle 5: Businesses should respect and promote human rights

MFSL is dedicated to upholding the human rights of all its employees, and it strictly ensures compliance with all applicable laws of the land pertaining to human rights. All policies of the Company comply with conventionally understood provisions of human rights. There is no discrimination whatsoever in the Company on the basis of cast, creed, race, gender, religion or physical handicap. The Company did not receive any complaint relating to violation of human rights in 2018-19.

Principle 6: Businesses should respect, protect, and make efforts to restore the environment

MFSL is committed to conducting its business in a manner that protects the natural environment. Given that MFSL is a holding company with no manufacturing operations and small number of employees, the Company does not have any significant direct environmental impacts. However, regular efforts are made to conserve the energy through various means.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

MFSL is a holding company with no direct business operations however its subsidiary Max Life actively engages in policy advocacy to balance the interests of various stakeholders.

Principle 8: Businesses should support inclusive growth and equitable development

For detailed information on steps taken towards inclusive growth and equitable development through Max India Foundation, a CSR arm of the Max Group, please refer to the Business Responsibility Review section of this Annual Report.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

MFSL, being a holding company, is having investments in its subsidiary and primarily engaged in growing and nurturing the business investments and providing management consultancy services to group companies. Accordingly, it does not have any direct customers or consumers under the scope of this BRR.

Annexure – 7 to the Directors' Report

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

The Members,
Max Financial Services Limited
Bhai Mohan Singh Nagar,
Rail Majra, Tehsil Balachaur,
Distt. Nawanshahr, Punjab-144533

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Max Financial Services Limited, formerly known as Max India Limited (hereinafter called the "Company''). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of the following laws and regulations, as applicable:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; Not Applicable

   d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable

   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;

   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable; and

   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not Applicable

(vi) As confirmed and certified by the management, there is no sectoral law specifically applicable to the Company based on the Sectors / Businesses. Further, the management confirmed that the Company is a non-systemically important

Core Investment Company and hence does not require registration as a NBFC.

We have also examined compliance with the applicable clauses of the following:

a) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.

b) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. except as mentioned below:

a. The Company has paid penalty of INR 5,70,000/- each to National Stock Exchange of India Limited and BSE Limited, levied in respect of delay in appointment of an Independent Director pursuant to Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations.

Further, the Company has paid a compounding fee of INR 50,000 levied by Hon'ble High Court of Punjab and Haryana in respect of a matter pending before CJM, Chandigarh in connection with an inspection conducted by Ministry of Corporate Affairs during the year 2006.

We further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act, except delay in appointment of an Independent Director.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent least seven days in advance (except in cases where meetings were convened at a shorter notice for which necessary approvals obtained as per applicable provisions), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company has acquired 0.30% equity shares of Max Life Insurance Company Limited (MLIC), subsidiary of the Company from Mitsui Sumitomo Insurance Company Limited and 0.74% equity shares of MLIC from Axis Bank Limited, thereby increasing its stake in MLIC from 70.75% to 71.79% as at March 31, 2019 and the said event is deemed to have major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

Chandrasekaran Associates
Company Secretaries

Sd/-
Rupesh Agarwal
Managing Partner
Membership No.:16302
Certificate of Practice No.:5673

Date: 28.05.2019
Place: Delhi

Note: This report is to be read with our letter of even date which is annexed as Annexure-A to this report and forms an integral part of this report.

Annexure-A to the Secretarial Audit Report

The Members,
Max Financial Services Limited
Bhai Mohan Singh Nagar,
Rail Majra, Tehsil Balachaur,
Distt. Nawanshahr, Punjab-144533

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on the random test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Chandrasekaran Associates
Company Secretaries

Sd/-
Rupesh Agarwal
Managing Partner
Membership No.:16302
Certificate of Practice No.:5673

Date: 28.05.2019
Place: Delhi

Annexure – 8 to the Directors' Report

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms' length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

   a) Name(s) of the related party and nature of relationship: Max Life Insurance Company Limited (Subsidiary company)

   b) Nature of contracts/arrangements/transactions: Sub-licensing of trademarks

   c) Duration of the contracts/arrangements/transactions: 10 years

   d) Salient terms of the contracts or arrangements or transactions including the value, if any: The contract for sub-licensing of trademarks has been entered into with subsidiary company, pursuant to a Scheme of Demerger approved by Hon'ble High Court of Punjab at Chandigarh, which allows usage of trademarks without any consideration.

   e) Justification for entering into such contracts or arrangements or transactions: The trademarks have been licensed to the Company for limited usage. Prior to the Scheme of Demerger, Max Life Insurance Company Limited had been using such trademarks. It was contemplated to allow usage of such trademarks by Max Life, without impacting the ownership of such trademarks.

   f) Date(s) of approval by the Board: August 8, 2016

   g) Amount paid as advances, if any: NIL

   h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: September 27, 2016

2. Details of material contracts or arrangement or transactions at arm's length basis: **N.A.**

   a) Name(s) of the related party and nature of relationship:
   b) Nature of contracts/arrangements/transactions:
   c) Duration of the contracts/arrangements/transactions:
   d) Salient terms of the contracts or arrangements or transactions including the value, if any:
   e) Date(s) of approval by the Board, if any:
   f) Amount paid as advances, if any:

For Max Financial Services Limited

Place: New Delhi Date: May 28, 2019	Sd/- **Mohit Talwar** **Managing Director** DIN: 02394694	Sd/- **Sahil Vachani** **Director** DIN: 00761695

INDEPENDENT AUDITOR'S REPORT

To The Members of Max Financial Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of **Max Financial Services Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow statement and the Statement of Change in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS"), and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019 and its profit, total comprehensive income, its cash flows and the change in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	**Fair value of derivative financial instruments** **(Standalone Financial Statements)** **(Refer note 42 of the standalone financial statements)** Derivatives arose out of Option arrangements executed during the year ended March 31, 2016. The fair value of the derivative is determined through the application of valuation techniques which involves exercise of judgement by the Management and the use of assumptions, estimates and valuation models. Hence, it is considered as a key audit matter.	**Principal Audit Procedures performed:** • Obtained an understanding of the Company's process for determining the valuation and disclosure of derivative. • Tested the design and operating effectiveness of the internal controls on the valuation of the derivatives as at the period end. • Assessed the competency, capability and objectivity of the management's valuer • Tested the mathematical accuracy of the valuation model used. • Involved our internal valuation expert in relation to testing of the appropriateness of the valuation method applied and on sample basis, re-priced the valuation of derivative.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report (including annexures thereto), Business Responsibility Statement and Management discussion and analysis (MD&A) (collectively referred to as "other information"), but does not include the standalone financial statements and our auditor's report thereon.

- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and change in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the Standalone financial statements.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Change in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2019 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 25 of the forming part of standalone financial statements.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 36 of the notes forming part of standalone financial statements.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company - Refer Note 37 of the notes forming part of standalone financial statements.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order" or "CARO 2016") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

SATPAL SINGH ARORA
Place: New Delhi
(Partner)

Date: May 28, 2019
(Membership No. 98564)

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Max Financial Services Limited** ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

SATPAL SINGH ARORA
Place: New Delhi
(Partner)

Date: May 28, 2019
(Membership No. 98564)

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds of the building is held in the name of the Company. According to the information and explanations given to us and the records examined by us, no other immovable properties of land and buildings have been taken on lease and disclosed as fixed asset in the standalone financial statements.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year. The Company does not have any unclaimed deposits and accordingly the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Goods and Service Tax, cess and other material statutory dues as applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and Service Tax and cess as at March 31, 2019 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax and Customs Duty which have not been deposited as on March 31, 2019 on account of disputes are given below:

Name of Statute	Nature of Dues (Refer note 25 of the standalone financial statements)	Forum where Dispute is Pending	Period to which the Amount Relates	Amount involved (Rs. in Lakhs)	Amount unpaid (Rs. in Lakhs)
Customs Act, 1962	Custom Duty Demand on non-fulfillment of export obligation	Directorate General of Foreign Trade	FY 1994-95	548.97	548.97
Finance Act, 1994 (Service tax)	Service Tax Demand on consultancy services	Commissioner (Central Excise), Chandigarh	FY 1997-98 To FY 2000-01	213.00	201.00
Finance Act, 1994 (Service tax)	Service Tax Demand on Banking and Financial Services	Joint/Additional Commissioner, Service Tax Commissionerate Delhi-II	FY 2011-12 To FY 2015-16	139.58	139.58
Income Tax Act, 1961	Income Tax Demand in disallowance made on various matters	High Court, Punjab	AY 2003-04	159.04	159.04

We are informed that the provisions of Employees State Insurance Act, 1948 are not applicable to the Company and that the operations of the Company do not give rise to any liability for Sales Tax, Excise Duty and Value Added Tax.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements etc. as required by the applicable Ind AS.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) As per section 45-IA of the Reserve Bank of India Act, 1934 read with RBI / 2006-07 / 158 DNBS (PD) C.C. No. 81 / 03.05.002 / 2006-07 dated 19 October, 2006, a Company whose 50% of total assets and 50% of total income is from financial activity, as at the last audited balance sheet, is said to carry on financial activity as its principal business and hence is required to obtain registration as a Non-Banking Finance Company (NBFC).

As indicated in note 38, the Company is of the view supported by legal opinion that the Company is a 'Core Investment Company' ('CIC') and does not meet the criteria for Systemically Important Core Investment Company ('CIC-SI') as laid down in the CIC Master Circular dated 1 July, 2015 and hence registration under section 45-IA of the Reserve Bank of India Act, 1934 is not required.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

SATPAL SINGH ARORA
Place: New Delhi
(Partner)

Date: May 28, 2019
(Membership No. 98564)

Standalone Balance Sheet as at 31 March, 2019

(Rs. in lakhs)

Particulars	Note No.	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
A. ASSETS				
1. Financial assets				
(a) Cash and cash equivalents	3	42.77	41.69	728.51
(b) Bank balances other than (a) above	4	267.22	254.42	257.51
(c) Derivative financial instruments	5	-	5,549.65	5,734.97
(d) Receivables - Trade receivables	6	2,179.55	668.74	769.06
(e) Loans	7	7.37	82.55	92.27
(f) Investments	8	213,131.82	196,431.64	179,573.58
(g) Other financial assets	9	114.35	119.73	119.60
Total financial assets		**215,743.08**	**203,148.42**	**187,275.50**
2. Non financial assets				
(a) Current tax assets (Net)	10	606.21	605.06	520.94
(b) Property, plant and equipment	11A	3,036.47	3,122.01	3,231.37
(c) Intangible assets	11B	8.89	21.44	33.88
(d) Other non-financial assets	12	164.16	193.43	364.48
Total non-financial assets		**3,815.73**	**3,941.94**	**4,150.67**
Total assets		**219,558.81**	**207,090.36**	**191,426.17**
B. LIABILITIES AND EQUITY				
I LIABILITIES				
1. Financial liabilities				
(a) Derivative financial instruments	13	16,013.45	11,877.41	15,398.15
(b) Trade payables	14			
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,419.86	1,016.93	1,168.01
(c) Other financial liabilities	15	1,213.06	1,186.84	738.98
Total financial liabilities		**18,646.37**	**14,081.18**	**17,305.14**
2. Non financial liabilities				
(a) Provisions	16	287.11	486.14	366.53
(b) Deferred tax liabilities (net)	24	-	-	-
(c) Other non-financial liabilities	17	623.02	568.28	585.14
Total non-financial liabilities		**910.13**	**1,054.42**	**951.67**
Total liabilities		**19,556.50**	**15,135.60**	**18,256.81**
II EQUITY				
(a) Equity share capital	18	5,387.72	5,367.68	5,345.40
(b) Other equity	19	194,614.59	186,587.08	167,823.96
Total equity		**200,002.31**	**191,954.76**	**173,169.36**
Total liabilities and equity		**219,558.81**	**207,090.36**	**191,426.17**
See accompanying notes to the standalone Ind AS financial statements	1 to 43			

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Satpal Singh Arora
Partner
Membership No. 98564

Place : New Delhi
Date : May 28, 2019

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694

Sahil Vachani
(Director)
DIN No:00761695

Sujatha Ratnam
(Chief Financial Officer)

Sandeep Pathak
(Company Secretary)
M.No. - FCS-5351

Place : New Delhi
Date : May 28, 2019

Standalone Statement of Profit and Loss for the year ended 31 March, 2019

(Rs. in lakhs)

Particulars		Note No.	Year ended 31.03.2019	Year ended 31.03.2018
1.	**Revenue from operations**			
	(a) Interest income		1.37	13.23
	(b) Dividend income		28,100.90	20,016.07
	(c) Gain on fair value changes			
	- on derivative financial instruments	42	-	3,335.42
	- on investments in mutual funds		832.13	861.49
	(d) Sale of services		2,728.56	2,123.54
2.	**Total revenue from operations**		**31,662.96**	**26,349.75**
3.	Other Income	20	114.85	71.60
4.	**Total Income (2+3)**		**31,777.81**	**26,421.35**
5.	**Expenses**			
	(a) Finance cost	41	2,724.62	-
	(b) Loss on fair value changes on derivative financial instruments	42	10,261.27	-
	(b) Employee benefits expense	21	7,639.60	5,374.17
	(c) Depreciation and amortisation expense	22	175.25	191.99
	(d) Legal and professional expenses		4,351.26	4,630.92
	(e) Other expenses	23	1,687.30	1,830.55
6.	**Total expenses**		**26,839.30**	**12,027.63**
7.	**Profit before tax (4-6)**		**4,938.51**	**14,393.72**
8.	Tax expense			
	(a) Current tax		-	-
	(b) Deferred tax		-	-
9.	**Total tax expense**		**-**	**-**
10.	**Profit after tax (7-9)**		**4,938.51**	**14,393.72**
11.	**Other comprehensive income/(loss)**			
	Items that will not be reclassified to Profit and Loss			
	- Remeasurement of defined benefit obligations		(29.67)	(22.71)
12.	**Total other comprehensive income/(loss)**		**(29.67)**	**(22.71)**
13.	**Total comprehensive income/(loss) for the year (8+10)**		**4,908.84**	**14,371.01**
14.	**Earnings per equity share (EPS)**	28		
	(Face value of Rs. 2 per share)			
	Basic (in Rs.)		1.83	5.36
	Diluted (in Rs.)		1.83	5.35
See accompanying notes to the standalone Ind AS financial statements		1 to 43		

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Satpal Singh Arora
Partner
Membership No. 98564

Place : New Delhi
Date : May 28, 2019

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694

Sahil Vachani
(Director)
DIN No:00761695

Sujatha Ratnam
(Chief Financial Officer)

Sandeep Pathak
(Company Secretary)
M.No. - FCS-5351

Place : New Delhi
Date : May 28, 2019

Standalone Cash Flow Statement for the year ended 31 March, 2019

(Rs. in lakhs)

Particulars		Year ended 31.03.2019	Year ended 31.03.2018
A. Cash flow from operating activities			
Profit before tax		4,938.51	14,393.72
Adjustments for :			
Depreciation and amortisation expense		175.25	191.99
Interest income		(35.15)	(41.64)
Dividend income on long term investments		(28,100.90)	(20,016.07)
Net loss / (profit) on sale / disposal of fixed assets		17.73	5.60
Gain on fair value changes			
- on derivative financial instruments		10,261.27	(3,335.42)
- on investments in mutual funds		(832.13)	(861.49)
Liabilities/provisions no longer required written back		(1.26)	(1.19)
Provision for doubtful service tax credit receivable		-	289.94
Expense on employee stock option scheme		719.98	1,651.05
Operating profit/ (Loss) before working capital changes		**(12,856.70)**	**(7,723.51)**
Changes in working capital:			
Adjustments for (increase)/ decrease in operating assets:			
Trade receivables		(1,510.81)	100.32
Loans		75.18	9.72
Other financial assets		2.99	0.47
Other non-financial assets		29.27	(118.89)
Dividend received		28,100.90	20,016.07
Interest received		37.54	41.04
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		404.19	(149.89)
Other financial liabilities		26.22	447.86
Provisions		(228.70)	96.90
Other non-financial liabilities		54.74	(16.86)
Cash generated from operations		14,134.82	12,703.23
Net income tax (paid) / refunds		(1.15)	(84.12)
Net cash flow from operating activities	**(A)**	**14,133.67**	**12,619.11**
B. Cash flow from investing activities			
Capital expenditure on property, plant and equipment including capital advances		(98.97)	(107.35)
Proceeds from sale of property, plant and equipment		4.08	31.56
Bank balances not considered as Cash and cash equivalents (net)		(12.80)	3.09
Investments in mutual funds			
- Purchased		(52,091.12)	(29,553.00)
- Proceeds from sale		52,184.01	28,889.25
Investments in equity shares of subsidiary company			
- Purchased		(16,536.52)	(15,332.82)
Net cash (used in)/from investing activities	**(B)**	**(16,551.32)**	**(16,069.27)**

Particulars		Year ended 31.03.2019	Year ended 31.03.2018
C. Cash flow from financing activities			
Proceeds from ESOPs exercised (including share premium)		2,418.73	2,763.34
Net cash used in financing activities	**(C)**	**2,418.73**	**2,763.34**
Net (decrease)/increase in cash and cash equivalents	**(A+B+C)**	1.08	(686.82)
Cash and cash equivalents as at the beginning of the year		41.69	728.51
Cash and cash equivalents as at the end of the year (See note 3)*		**42.77**	**41.69**
* Comprises:			
a. Cash on hand		0.81	1.29
b. Balance with scheduled banks			
- in current accounts		41.96	40.40
		42.77	**41.69**

See accompanying notes to the standalone Ind AS financial statements 1 to 43

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Satpal Singh Arora
Partner
Membership No. 98564

Place : New Delhi
Date : May 28, 2019

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694

Sahil Vachani
(Director)
DIN No:00761695

Sujatha Ratnam
(Chief Financial Officer)

Sandeep Pathak
(Company Secretary)
M.No. - FCS-5351

Place : New Delhi
Date : May 28, 2019

Standalone Statement of Changes in Equity for the year ended 31 March, 2019

a. Equity share capital

Particulars	(Rs. in lakhs) Amount
Balance at 1 April, 2017	**5,345.40**
Changes in equity share capital during the year	
Issue of equity shares (See note 18)	22.28
Balance at 31 March, 2018	**5,367.68**
Changes in equity share capital during the year	
Issue of equity shares (See note 18)	20.04
Balance at 31 March, 2019	**5,387.72**

b. Other equity

(Rs. in lakhs)

Particulars	Reserves and Surplus				Total
	Securities premium	General reserve	Share options outstanding account	Retained earnings	
Balance at 1 April, 2017	**32,265.01**	**16,418.22**	**2,346.83**	**116,793.90**	**167,823.96**
Profit/(Loss) for the year	-	-	-	14,393.72	14,393.72
Other comprehensive income/(loss) for the year	-	-	-	(22.71)	(22.71)
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**14,371.01**	**14,371.01**
Premium on shares issued during the year (See note 19)	5,015.66	-	(2,274.60)	-	2,741.06
Share-based payments to employees (See note 19)	-	-	1,651.05	-	1,651.05
Balance at 31 March, 2018	**37,280.67**	**16,418.22**	**1,723.28**	**131,164.91**	**186,587.08**
Profit/(Loss) for the year	-	-	-	4,938.51	4,938.51
Other comprehensive income/(loss) for the year	-	-	-	(29.67)	(29.67)
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**4,908.84**	**4,908.84**
Premium on shares issued during the year (See note 19)	4,590.23	-	(2,191.54)	-	2,398.69
Share-based payments to employees (See note 19)	-	-	719.98	-	719.98
Balance at 31 March, 2019	**41,870.90**	**16,418.22**	**251.72**	**136,073.75**	**194,614.59**
See accompanying notes to the standalone Ind AS financial statements	1 to 43				

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Satpal Singh Arora
Partner
Membership No. 98564

Place : New Delhi
Date : May 28, 2019

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694

Sahil Vachani
(Director)
DIN No:00761695

Sujatha Ratnam
(Chief Financial Officer)

Sandeep Pathak
(Company Secretary)
M.No. - FCS-5351

Place : New Delhi
Date : May 28, 2019

Notes forming part of the standalone financial statements

1. Corporate information

Max Financial Services Limited ("the Company") is a public limited company domiciled in India. The shares of the Company are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The Company is primarily engaged in making business investments in its subsidiary and providing management advisory services to the group companies.

2. Significant accounting policies

2.1 Basis of preparation

(i) Statement of Compliance

The standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Beginning April 1, 2018 the Company has for the first time adopted Ind AS with a transition date of April 1, 2017. The above results have been prepared on the basis of format contained in Division III of Notification G.S.R. 1022(E) dated October 11, 2018, issued by the Ministry of Corporate Affairs, Government of India and accordingly, the corresponding comparative figures presented in these financial results have been regrouped/reclassified in order to conform to current period presentation.

Upto the year ended 31 March, 2018, the Company prepared its financial statements in accordance with the requirements of Indian GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April, 2017. Refer note 2.2 for the details of the first-time adoption exemptions availed by the Company.

(ii) Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs

Notes forming part of the standalone financial statements

for the assets or liability.

2.2 First-time adoption – mandatory exceptions, optional exemptions

Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April, 2017 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below.

Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April, 2017 (the transition date).

Accounting for changes in parent's ownership in a subsidiary that does not result in a loss of control

The Company has accounted for changes in a parent's ownership in a subsidiary that does not result in a loss of control in accordance with Ind AS 110, prospectively from the date of transition.

Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as at the transition date.

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

Assessment of embedded derivatives

The Company has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date it first became a party to the contract and the date when there has been a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

Share-based payments

The Company has elected not to apply Ind AS 102 Share-Based Payment, to equity instruments that vested prior to the date of transition to Ind AS.

Deemed cost for property, plant and equipment, and intangible assets

The Company has elected to continue with the carrying value of all of its property, plant and equipment, and intangible assets recognised as of 1 April, 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Deemed cost for equity investments in subsidiary

The Company has elected to continue with the carrying value of all of its equity investments in subsidiary as of 1 April, 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

2.3 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition) and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Notes forming part of the standalone financial statements

2.4 Cash flow statement

Cash flows are reported using indirect method, whereby Profit/(loss) after tax reported under Statement of Profit and loss is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on available information.

2.5 Property, plant and equipment

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April, 2017 (transition date) measured as per the previous GAAP as their deemed cost as of the transition date.

All the items of property, plant and equipment are stated at historical cost net of cenvat credit less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful life is taken in accordance with Schedule II to the Companies Act, 2013. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.6 Intangible assets

Intangible assets acquired separately Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Deemed cost on transition to Ind AS

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of 1 April, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

2.7 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.8 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Income from services

Revenue from shared services contracts are recognised over the period of the contract as and when services are rendered.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividend

Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.

2.9 Share-based payment arrangements

The Company has constituted an Employee Stock Option Plan - 2003 for equity settled share based payment transactions. Employee Stock Options granted on or after 1 April, 2005 are measured at the fair value of the equity instruments at the grant date. The Scheme provides for grant of options to employees (including directors) of the Company to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

The Company had constituted a Phantom Stock option plan in 2016, to be settled in cash. The Company is required to make provisions for estimated cash requirement for settlement on the basis of Fair Market Value of equity shares of the Company, Max India

Notes forming part of the standalone financial statements

Limited and Max Ventures and Industries Limited as at end of each financial period/year till the estimated life of phantom stocks. As and when any cash payment is made on account of settlement of phantom stock, the provision is accordingly adjusted.

The Company has constituted another Phantom Stock option plan in 2017, which will be settled in cash. The Company is required to make provisions for estimated cash requirement for settlement on the basis of Fair Market Value of equity shares of the Company as at end of each financial period/year till the estimated life of phantom stocks. As and when any cash payment is made on account of settlement of phantom stock, the provision is accordingly adjusted.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

2.10 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Investment in subsidiary

A subsidiary is an entity controlled by the Company. Control exists when the Company has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Investments in subsidiary are carried at cost less impairment. Cost comprises price paid to acquire the investment and directly attributable cost.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on

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the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss

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incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, lease receivables, trade receivables and other contractual rights to receive cash or other financial assets and financial guarantees not designated as at FVTPL.

For trade receivables or any contractual right to receive cash or another financial assets that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

2.11 Financial liabilities and equity instruments (Including derivative contracts)

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity

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in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

a) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

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b) Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

c) Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

d) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.12 Employee benefit costs

Employee benefits include provident fund, gratuity fund and compensated absences.

Retirement benefits costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions:

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

a. service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

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b. net interest expense or income; and

c. remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

Contributions from employees or third parties to defined benefit plans

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).

- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Company reduces service cost by attributing the contributions to periods of service using the attribution method required by Ind AS 19.70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Company reduces service cost in the period in which the related service is rendered / reduces service cost by attributing contributions to the employees' periods of service in accordance with Ind AS 19.70.

2.13 Segment information

The Company determines reportable segment based on information reported to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of segmental performance. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments.

2.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessor :

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of

Notes forming part of the standalone financial statements

the leases.

The Company as lessee :

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the financial statements as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company general policy on borrowing costs.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.15 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of exceptional items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of exceptional items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for employee share options and bonus shares, if any, as appropriate.

2.16 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such

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deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiary, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.17 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.18 Goods and services tax input credit

Input tax credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

2.19 Critical accounting judgements and key sources of estimation uncertainty

Critical accounting judgements

The following are the critical judgements, apart from those involving estimations that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Contingent liabilities

Assessment of whether outflow embodying economic benefits is probable, possible or remote.

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(See note 25)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

<u>Fair value measurements and valuation processes (See note 34)</u>

In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The management works closely with qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

2.20 Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.21 New standards/amendments that are not yet effective and have not been early adopted:

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019 has notified the following new and amendments to Ind ASs which the Company has not early adopted.

Ind AS 116, Leases:

On March 30, 2019, MCA has notified Ind AS 116, Leases which will replace the existing leases standard, Ind AS 17 Leases, and related interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosures of leases for both lessors and lessees. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. The standard also contains enhanced disclosure requirements for leases. It substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual reporting periods beginning on or after April 1, 2019. The Company proposes to use the simpler Approach for transitioning to Ind AS 116 and take the cumulative adjustment to retained earnings, on the date of initial application, i.e., April 1, 2019. Accordingly, the comparatives of the year ended March 31, 2019 will not be restated. On transition, the Company will be using certain practical expedients that are available.

Currently, the operating lease expenses are charged to the Statement of Profit and Loss.

The Company is in the process of evaluating the impact of this on its financial statements.

Ind AS 12, Income Taxes:

On March 30, 2019, MCA issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those transactions or events in past.

The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2019. The Company is in the process of evaluating the impact of this on its financial statements

On March 30, 2019, MCA has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while determining the taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment or group of tax treatments, that the companies have used or

Notes forming part of the standalone financial statements

plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The Company proposes to adjust the cumulative effect of application of Appendix C in equity on the date of initial application i.e., April 1, 2019 without adjusting comparatives.

The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2019. The Company is in the process of evaluating the impact of this on its financial statements

Ind AS 19, Employee Benefits

On March 30, 2019, MCA has issued amendments to Ind AS 19, Employee Benefits, in connection with accounting for plan amendments, curtailments and settlements.

This amendment requires an entity to:

(i) use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

(ii) recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is in the process of evaluating the impact of this on its financial statements.

Notes forming part of the standalone financial statements

3. Cash and cash equivalents

(Rs. in lakhs)

		As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(i)	Cash in hand	0.81	1.29	0.38
(ii)	Balance with scheduled banks			
	- in current accounts	41.96	40.40	728.13
		42.77	**41.69**	**728.51**

4. Bank balances other than cash and cash equivalents

(Rs. in lakhs)

		As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(i)	in earmarked accounts			
	- Unpaid dividend accounts (See note 15)	256.02	246.84	249.93
	- Balances held as margin money against guarantee	11.20	7.58	7.58
Total		**267.22**	**254.42**	**257.51**

5. Derivative financial instruments

(Rs. in lakhs)

		As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(i)	Derivative financial assets (See note 42)	-	5,549.65	5,734.97
	Total	**-**	**5,549.65**	**5,734.97**

6. Receivables

(Rs. in lakhs)

		As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(i)	Unsecured, considered good			
	- Trade receivables (See note 31)	2,179.55	668.74	769.06
	- Other receivables	-	-	-
	Total	**2,179.55**	**668.74**	**769.06**

Note : Trade receivables are related to the amounts recoverable from group companies. The management based on confirmations from the group companies believes that no expected credit allowance is required to be recognised on these trade receivables.

7. Loans (Carried at amortised cost)

(Rs. in lakhs)

		As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(i)	Loans to employees - Unsecured, considered good	7.37	82.55	92.27
	Total	**7.37**	**82.55**	**92.27**

Notes forming part of the standalone financial statements

8. Investments

Particulars		Quantity (in number)	As at 31.03.2019 (Rs. in lakhs)	Quantity (in number)	As at 31.03.2018 (Rs. in lakhs)	Quantity (in number)	As at 01.04.2017 (Rs. in lakhs)
A.	**Unquoted investments in equity shares (all fully paid) of subsidiary company (Carried at cost)**						
	Max Life Insurance Company Limited (face value of Rs 10 per share)	1,377,408,564	208,026.12	1,357,531,196	192,065.07	1,343,360,379	176,732.25
	Total (A)		**208,026.12**		**192,065.07**		**176,732.25**
B.	**Investment in mutual funds (unquoted)**						
	Carried at FVTPL						
(a)	Aditya Birla Sun Life Cash Plus Fund - Direct Plan Growth- Face value Rs. 100 per unit	333,920.59	1,003.22	532,783.20	1,488.14	-	-
(b)	Axis Liquid Fund - Direct Plan Growth- Face value Rs. 1000 per unit	98,326.32	2,038.82	-	-	-	-
(c)	ICICI Prudential Liquid Plan - Direct Growth- Face value Rs. 100 per unit	105,023.95	290.30	-	-	-	-
(d)	Sundram Money fund (G) - Direct Growth- Face value Rs. 10 per unit	4,499,591.42	1,773.36	-	-	-	-
(e)	DHFL Pramerica Insta Cash Plus Fund - Direct Plan Growth- Face value Rs. 100 per unit	-	-	-	-	265,084.74	560.27
(f)	DSP BlackRock Liquidity Fund - Direct Plan Growth- Face value Rs. 1,000 per unit	-	-	-	-	1,548.45	36.01
(g)	Invesco India Liquid Fund - Direct Plan Growth- Face value Rs. 1,000 per unit	-	-	6,285.51	150.35	25,383.40	568.25
(h)	JM High Liquidity Fund - Direct Plan Growth- Face value Rs. 10 per unit	-	-	-	-	1,276,613.47	568.27
(i)	L&T Liquid Fund - Direct Plan Growth- Face value Rs. 1,000 per unit	-	-	-	-	25,481.92	568.26
(j)	UTI Money Market Fund - Institutional Plan - Direct Plan Growth- Face value Rs. 1,000 per unit	-	-	139,919.89	2,728.08	29,616.49	540.27
	Total (B)		**5,105.70**		**4,366.57**		**2,841.33**
	Total aggregate unquoted investments		**213,131.82**		**196,431.64**		**179,573.58**
	Total investments carrying value		**213,131.82**		**196,431.64**		**179,573.58**

Notes forming part of the standalone financial statements

9. Other financial assets

(Rs. in lakhs)

		As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(i)	Security deposits	31.47	110.86	112.15
(ii)	Interest accrued on deposits	0.01	2.40	1.80
(iii)	Interest receivable from erstwhile directors (See note 25)	31.89	-	-
(iv)	Receivable under sale of property, plant and equipment	3.25	-	-
(v)	Income accrued on lease rental	0.30	-	-
(vi)	Other receivables	47.43	6.47	5.65
	Total	**114.35**	**119.73**	**119.60**

10. Non current tax assets (net)

(Rs. in lakhs)

		As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(i)	Advance tax including TDS recoverable	23,435.64	23,434.49	23,350.37
	Less: Provision for income tax	(22,829.43)	(22,829.43)	(22,829.43)
	Total	**606.21**	**605.06**	**520.94**

Note 11A: Property, plant and equipment

(Rs. in lakhs)

		As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Carrying amounts of :				
a)	Buildings	2,552.71	2,596.76	2,640.81
b)	Office equipment	62.31	57.39	76.78
c)	Computers	16.26	11.01	12.56
d)	Leasehold improvements	35.02	-	-
e)	Furniture and fixtures	189.88	206.30	242.70
f)	Vehicles	180.29	226.27	258.52
		3,036.47	**3,097.73**	**3,231.37**
	Capital Work in progress	-	24.28	-
	Total	**3,036.47**	**3,122.01**	**3,231.37**

	Buildings (See note 1 below)	Office equipment	Computers	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Deemed cost							
Balance at 1 April, 2017	**2,640.81**	**76.78**	**12.56**	**-**	**242.70**	**258.52**	**3,231.37**
Additions	-	17.99	4.83	-	-	60.25	83.07
Disposals	-	0.08	-	-	-	40.86	40.94
Balance at 31 March, 2018	**2,640.81**	**94.69**	**17.39**	**-**	**242.70**	**277.91**	**3,273.50**
Additions	-	26.72	11.59	45.99	38.95	-	123.25
Disposals	-	4.24	0.02	-	23.66	4.32	32.24

	Buildings (See note 1 below)	Office equipment	Computers	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Balance at 31 March, 2019	**2,640.81**	**117.17**	**28.96**	**45.99**	**257.99**	**273.59**	**3,364.51**
Accumulated depreciation							
Balance at 1 April, 2017	-	-	-	-	-	-	-
Depreciation expense	44.05	37.32	6.38	-	36.40	55.40	179.55
Elimination on disposals of assets	-	0.02	-	-	-	3.76	3.78
Balance at 31 March, 2018	**44.05**	**37.30**	**6.38**	**-**	**36.40**	**51.64**	**175.77**
Depreciation expenses	44.05	19.84	6.32	10.97	37.74	43.78	162.70
Elimination on disposals of assets	-	2.28	-	-	6.03	2.12	10.43
Balance at 31 March, 2019	**88.10**	**54.86**	**12.70**	**10.97**	**68.11**	**93.30**	**328.04**
Carrying amount							
Balance at 1 April, 2017	2,640.81	76.78	12.56	-	242.70	258.52	3,231.37
Additions	-	17.99	4.83	-	-	60.25	83.07
Disposals	-	0.06	-	-	-	37.10	37.16
Depreciation expense	44.05	37.32	6.38	-	36.40	55.40	179.55
Balance at 31 March, 2018	**2,596.76**	**57.39**	**11.01**	**-**	**206.30**	**226.27**	**3,097.73**
Additions	-	26.72	11.59	45.99	38.95	-	123.25
Disposals	-	1.96	0.02	-	17.63	2.20	21.81
Depreciation expense	44.05	19.84	6.32	10.97	37.74	43.78	162.70
Balance at 31 March, 2019	**2,552.71**	**62.31**	**16.26**	**35.02**	**189.88**	**180.29**	**3,036.47**

Notes:

1. Buildings include property owned by the Company, given to an employee on an operating lease. The employee is given a right to exercise on option to purchase the property for an amount equal to the cost of acquisition of the Company. The settlement will be made on transfer of asset, if option is exercised and cannot be concluded at the current date.

2. The Company has used deemed cost exemption under Ind AS 101 as on the date of transition to Ind AS. Refer note 2.5

11B Other intangible assets

(Rs. in lakhs)

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Carrying amounts of :			
Computer software	8.89	21.44	33.88
	8.89	**21.44**	**33.88**

	Computer Software	Total
Deemed cost		
Balance at 1 April, 2017	**33.88**	**33.88**
Additions	-	-

Notes forming part of the standalone financial statements

	Computer Software	Total
Disposals	-	**-**
Balance at 31 March, 2018	**33.88**	**33.88**
Additions	-	-
Disposals	-	**-**
Balance at 31 March, 2019	**33.88**	**33.88**
Accumulated depreciation		
Balance at 1 April, 2017	**-**	**-**
Amortisation expense	12.44	**12.44**
Disposals	-	**-**
Balance at 31 March, 2018	**12.44**	**12.44**
Amortisation expense	12.55	**12.55**
Disposals	-	**-**
Balance at 31 March, 2019	**24.99**	**24.99**
Carrying amount		
Balance at 1 April, 2017	33.88	**33.88**
Additions	-	-
Disposals	-	-
Amortisation expense	12.44	**12.44**
Balance at 31 March, 2018	**21.44**	**21.44**
Additions	-	-
Disposals	-	-
Amortisation expense	12.55	**12.55**
Balance at 31 March, 2019	**8.89**	**8.89**

12. Other non financial assets

(Rs. in lakhs)

		As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(i)	Prepaid expenses	54.20	55.38	69.65
(ii)	Deposits under protest	23.40	12.00	12.00
(iii)	Advances recoverable in cash or kind			
	- Unsecured, considered good	25.60	5.72	22.63
	- Unsecured, considered doubtful	303.00	303.00	303.00
		328.60	308.72	325.63
	Less: Impairment allowance for doubtful advances	(303.00)	(303.00)	(303.00)
		25.60	5.72	22.63
(iv)	Balances with government authorities - input tax credit receivable			
	- Unsecured, considered good	60.96	100.33	260.20
	- Unsecured, considered doubtful	202.98	-	443.61
		263.94	100.33	703.81
	Less: Impairment allowance for doubtful balances	(202.98)	-	(443.61)
		60.96	100.33	260.20
(v)	Capital advances	-	20.00	-
	Total	**164.16**	**193.43**	**364.48**

Notes forming part of the standalone financial statements

13. Derivative financial instruments

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(i) Derivative financial liabilities (See note 42)	16,013.45	11,877.41	15,398.15
Total	**16,013.45**	**11,877.41**	**15,398.15**

14. Trade payables

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Trade payables - Other than acceptances			
- total outstanding dues of micro enterprises and small enterprises (See note 40)	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	1,419.86	1,016.93	1,168.01
Total	**1,419.86**	**1,016.93**	**1,168.01**

15. Other financial liabilities

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(i) Security deposits received	3.34	3.91	7.94
(ii) Unclaimed/unpaid dividends (See note 4)	256.02	246.84	249.93
(iii) Liability for employee stock appreciation rights (See note 29)	845.27	830.40	378.16
(iv) Other payables	108.43	105.69	102.95
Total	**1,213.06**	**1,186.84**	**738.98**

16. Provisions

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(i) Provision for compensated absences	70.26	139.82	100.20
(ii) Provision for gratuity (See note 27)	216.85	346.32	266.33
Total	**287.11**	**486.14**	**366.53**

17. Other non-financial liabilities

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(i) Statutory remittances (Contribution to PF, GST, Service Tax, withholding taxes etc.)	623.02	568.28	585.14
Total	**623.02**	**568.28**	**585.14**

Notes forming part of the standalone financial statements

18. Equity share capital

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Equity share capital	5,387.72	5,367.68	5,345.40
	5,387.72	**5,367.68**	**5,345.40**
Authorised share capital:			
300,000,000 (As at 31 March, 2018 300,000,000; As at 1 April, 2017 300,000,000) equity shares of Rs. 2 each with voting rights	6,000.00	6,000.00	6,000.00
Issued and subscribed capital comprises:			
269,385,779 (As at 31 March, 2018, 268,384,027; As at 1 April, 2017, 267,270,049) equity shares of Rs. 2 each fully paid up with voting rights	5,387.72	5,367.68	5,345.40

Fully paid equity shares:

	Number of shares	Share capital (Rs. in lakhs)
Balance as at 1 April, 2017	267,270,049	5,345.40
Add: Issue of shares	1,113,978	22.28
Balance as at 31 March, 2018	**268,384,027**	**5,367.68**
Add: Issue of shares	1,001,752	20.04
Balance as at 31 March, 2019	**269,385,779**	**5,387.72**

Refer notes (i) to (iv) below

(i) The Company has only one class of equity shares having a par value of Rs. 2 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holder of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) Details of shares held by each shareholder holding more than 5% shares:

(Rs. in lakhs)

Name of Shareholder	As at 31.03.2019		As at 31.03.2018	
	No. of Shares	% Holding	No. of Shares	% Holding
Fully paid equity shares with voting rights:				
- Max Ventures Investment Holdings Private Limited	67,518,275	25.06%	43,372,459	16.16%
- Moneyline Portfolio Investments Limited	18,070,048	6.71%	18,070,048	6.73%
- Reliance Capital Trustee Co Limited	15,429,537	5.73%	18,368,381	6.84%
- Liquid Investment and Trading Company Private Limited	3,675,000	1.36%	23,818,876	8.87%
- Mohair Investment and Trading Company Private Limited	4,690,000	1.74%	13,690,570	5.10%
- ICICI Prudential Value Discovery fund	12,540,097	4.65%	13,759,730	5.13%
- Xenok Limited	-	-	-	-

Notes forming part of the standalone financial statements

(Rs. in lakhs)

Name of Shareholder	As at 01.04.2017	
	No. of Shares	% Holding
Fully paid equity shares with voting rights:		
- Max Ventures Investment Holdings Private Limited	43,372,459	16.23%
- Moneyline Portfolio Investments Limited	26,570,048	9.94%
- Reliance Capital Trustee Co Limited	5,223,731	1.95%
- Liquid Investment and Trading Company Private Limited	23,818,876	8.91%
- Mohair Investment and Trading Company Private Limited	8,086,560	3.03%
- ICICI Prudential Value Discovery fund	4,517,866	1.69%

(iii) Shares reserved for issuance

As at 31.03.2019 - 131,015 (As at 31 March, 2018 : 1,132,767; As at 1 April, 2017 : 2,246,745) shares, face value of Rs. 2 each were reserved for issuance towards outstanding employee stock options granted under Employee Stock Option Plan 2003 (ESOP) of the Company. (See note 29.1).

(iv) The Company has issued total 3,158,522 shares (As at 31 March, 2018 : 2,863,738; As at 1 April, 2017 : 2,700,939) during the period of five years immediately preceding the reporting date on exercise of options granted under the ESOP plan wherein part consideration was received in the form of employee services.

19. Other equity

(Rs. in lakhs)

	Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(i)	Securities premium account	41,870.90	37,280.67	32,265.01
(ii)	Share options outstanding account	251.72	1,723.28	2,346.83
(iii)	General reserve	16,418.22	16,418.22	16,418.22
(iv)	Surplus / (Deficit) in Statement of Profit and Loss	136,073.75	131,164.91	116,793.90
Total		**194,614.59**	**186,587.08**	**167,823.96**

(Rs. in lakhs)

	Particulars		Year ended 31.03.2019	Year ended 31.03.2018
a.	**Securities premium account**			
	i. Opening balance		37,280.67	32,265.01
	ii. Add : Premium on shares issued during the year		4,590.23	5,015.66
	iii. Closing balance	(A)	**41,870.90**	**37,280.67**
b.	**Share options outstanding account**			
	i. Opening balance		1,723.28	2,346.83
	ii. Add : ESOP compensation expense		719.98	1,651.05
	iii. Less : Transferred to securities premium account on exercise		(2,191.54)	(2,274.60)
	iv. Closing balance	(B)	**251.72**	**1,723.28**
c.	**General reserve**			
	i. Opening balance		16,418.22	16,418.22
	ii. Add : Addition/(deletion)		-	-
	iii. Closing balance	(C)	**16,418.22**	**16,418.22**

Notes forming part of the standalone financial statements

Particulars		Year ended 31.03.2019	Year ended 31.03.2018
d. Surplus in Statement of Profit and Loss			
i. Opening balance		131,164.91	116,793.90
ii. Add: Profit / (Loss) for the year		4,938.51	14,393.72
iii. Other comprehensive income arising from remeasurement of defined benefit obligation		(29.67)	(22.71)
iv. Closing balance	(D)	**136,073.75**	**131,164.91**
(A+B+C+D)		**194,614.59**	**186,587.08**

20. Other Income

(Rs. in lakhs)

	Particulars	As at 31.03.2019	As at 31.03.2018
(a)	Liabilities / provisions no longer required written back	1.26	1.19
(b)	Interest on income tax refund	33.06	21.75
(c)	Interest recovery from erstwhile directors (See note 25)	31.89	-
(d)	Interest on loan to employees	0.72	6.66
(e)	Net gain on foreign currency transactions and translation	4.30	-
(f)	Rental income	42.30	42.00
(g)	Interest on security deposit	1.32	-
Total		**114.85**	**71.60**

21. Employee benefits expense

(Rs. in lakhs)

	Particulars	As at 31.03.2019	As at 31.03.2018
(a)	Salaries and wages (See note (i) below)	5,707.11	2,802.33
(b)	Contribution to provident and other funds (See note 27)	141.17	151.10
(c)	Expense on employee stock option scheme (See note 29)	1,772.07	2,377.20
(d)	Staff welfare expenses	19.25	43.54
		7,639.60	**5,374.17**

Note (i)Salaries and wages for the year ended March 31, 2019 includes severance pay aggregating to Rs. 2,575.00 lakhs paid to an employee.

22. Depreciation and amortisation expense

(Rs. in lakhs)

	Particulars	As at 31.03.2019	As at 31.03.2018
(a)	Depreciation of tangible assets (See note 11A)	162.70	179.55
(b)	Amortisation of intangible assets (See note 11B)	12.55	12.44
Total		**175.25**	**191.99**

Notes forming part of the standalone financial statements

23. Other expenses

(Rs. in lakhs)

	Particulars	As at 31.03.2019	As at 31.03.2018
(a)	Recruitment and training expenses	2.01	1.18
(b)	Rent including lease rentals (See note 30)	431.82	378.22
(c)	Insurance	40.86	42.84
(d)	Rates and taxes	5.40	3.08
(e)	Repairs and maintenance - others	359.98	374.80
(f)	Power and fuel	37.01	44.86
(g)	Printing and stationery	21.42	20.17
(h)	Travelling and conveyance	308.79	321.55
(i)	Communication	41.30	42.40
(j)	Director's sitting fees	124.99	81.99
(k)	Commission to directors	131.42	-
(l)	Business promotion	39.76	70.23
(m)	Advertisement and publicity	10.73	36.02
(n)	Net loss on sale / disposal of property, plant and equipment	17.73	5.60
(o)	Allowance on service tax / GST credit receivable	-	289.94
(p)	Charity and donation	75.21	79.61
(q)	Net loss on foreign exchange fluctuation	-	4.78
(r)	Miscellaneous expenses	38.87	33.28
	Total	**1,687.30**	**1,830.55**

24. Income taxes

A Income tax recognised in Statement of Profit and Loss

(Rs. in lakhs)

	Particulars	Year ended 31.03.2019	Year ended 31.03.2018
(a)	**Current tax**		
	In respect of current year	-	-
(b)	**Deferred tax**		
	In respect of current year	-	-
	Total tax expense charged/(credited) in Statement of Profit and Loss	**-**	**-**
(c)	**The income tax expense for the year can be reconciled to the accounting profit as follows:**		
	Profit/(Loss) before tax	4,938.51	14,393.72
	Applicable tax rate	34.94%	34.94%
	Income tax expense calculated	1,725.71	5,029.74
	Effect of income that is exempt from taxation	(1,725.71)	(5,029.74)
	Total tax expense charged/(credited) in Statement of Profit and Loss	**-**	**-**

Notes forming part of the standalone financial statements

B Movement in deferred tax

(i) Movement of deferred tax for the year ended 31 March, 2019

(Rs. in lakhs)

Particulars	Year ended 31.03.2019		
	Opening balance as on 1 April, 2018	Recognised in profit or loss	Closing balance as on 31 March, 2019
Tax effect of items constituting deferred tax liabilities			
Property, plant and equipment and other intangible assets	(125.11)	-	(125.11)
	(125.11)	**-**	**(125.11)**
Tax effect of items constituting deferred tax assets			
Carry forward business loss to be adjusted in future years	125.11	-	125.11
	125.11	**-**	**125.11**
Deferred tax liabilities (net)	**-**	**-**	**-**

(ii) Movement of deferred tax for the year ended 31 March, 2018

(Rs. in lakhs)

Particulars	Year ended 31.03.2018		
	Opening balance as on 1 April, 2017	Recognised in profit or loss	Closing balance as on 31 March, 2018
Tax effect of items constituting deferred tax liabilities			
Property, plant and equipment and other intangible assets	(108.87)	(16.24)	(125.11)
	(108.87)	**(16.24)**	**(125.11)**
Tax effect of items constituting deferred tax assets			
Carry forward business loss to be adjusted in future years	108.87	16.24	125.11
	108.87	**16.24**	**125.11**
Deferred tax liabilities (net)	**-**	**-**	**-**

The Company is a Non Systemically Important Core Investment Company (CIC) and earns income out of dividend received from subsidiary company, not liable to tax under Income Tax. Accordingly, no deferred tax asset/liability is recognised in absence of any future taxable profits under Income Tax..

25. Commitments and contingent liabilities

(Rs. in lakhs)

		Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
A.		**Commitments**			
	(i)	Estimated amount of contracts remaining to be executed on tangible assets and not provided for (net of advances)	-	42.39	-
B.		**Contingent liabilities**			
		Claims against the Company not acknowledged as debts (Refer note a)			
	(i)	Disputed demands raised by custom authorities	440.54	429.40	418.26
	(ii)	Disputed demand raised by service tax authorities (Refer note b)	352.58	352.58	352.58

Notes forming part of the standalone financial statements

Particulars		As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(iii)	Notice for non-compliance with corporate governance requirements (Refer note c)	11.40	-	33.42
(iv)	Disputed demand raised by income tax authorities (Refer note c)	159.04	159.04	159.04
(v)	Penalty levied under section 271(1)(c) of the Income Tax Act, 1961 (Refer note d)	-	-	33.42
(vi)	Litigation in an erstwhile subsidiary of the Company, Max Telecom Ventures Limited ("MTVL") (since merged with the Company with effect from December 1, 2005) (Refer note e)			
(vii)	Litigation against the Company relating to Company Law matters (Refer note d)			
C.	**Other commitments**			
	The Company has entered into tripartite agreement between Axis Bank Limited, Mitsui Sumitomo Insurance Company Limited and the Company, whereby the Company is required to buy back the stake held by Axis Bank Limited in Max Life Insurance Company Limited, upon exercise of put option by Axis Bank Limited tranches at a price linked to fair market value. (See note 42)			

Notes :

a. Claims against the Company not acknowledged as debts represent the cases pending with judicial forums / authorities. Based on management estimation and opinions from legal advisors, management believes that its position is likely to be upheld in appellate process. No tax has been accrued in the financial statements for tax / legal case demands. The management believes that the ultimate outcome of the proceedings will not have material adverse effect on the company's financial position and result of operations.

b. The Company has not made any provision for the demands in service tax cases as the Company believes that they have a good case based on existing judicial pronouncements. Advance paid against the same is Rs. 12.00 lakhs (As at 31 March, 2018 : Rs. 12.00 lakhs, As at 1 April, 2017 : Rs. 12.00 lakhs).

c. The Company has received notices from National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) respect of non-compliance with Regulation 17(1) of SEBI (Listing obligations and Disclosure requirements) 2015, pertaining to composition of Board. The Company has deposited Rs. 11.40 lakhs under protest and has requested NSE and BSE for waivers.

d. Income tax cases represent the cases pending with income tax authorities / appellate authorities. Based on management estimation, future cash outflow in respect of these cases are determinable only on receipt of judgments / decisions pending with various courts / authorities. The Company has not made any provision for the demands in income tax cases as the Company believes that they have a good case based on existing judicial pronouncements.

e. During the year 2006, the Ministry of Corporate Affairs had carried out an inspection, wherein certain technical offences were alleged by the Inspection Officer, based on which prosecution proceedings were initiated against the Company, its erstwhile Whole-time Directors and the Company Secretary at Chief Judicial Magistrate, Chandigarh. The Company filed writ petition against the prosecution proceedings with the Hon'ble High Court of Punjab and Haryana. The Hon'ble High Court had stayed the proceedings and listed the case for arguments, which concluded in 2019.

   The Hon'ble High Court passed the following judgements in the three matters on 5 March 2019:

   1. Non-display of registered office address at its corporate office in a prominent manner: Decided in favour of the Company with no costs.

   2. Providing interest free loans to group companies: A nominal compounding fee of Rs. 0.50 lakhs has been levied

Notes forming part of the standalone financial statements

on the Company and the matter was disposed off. The Company has paid the compounding fee of Rs. 0.50 lakhs vide demand draft number 033477 dated 7 March 2019.

3. Non-charging of interest on the excess remuneration received and refunded by former executive directors: The Hon'ble High Court directed the former executive directors to pay simple interest @ 12% per annum for the period such excess remuneration was retained by them. The Company recorded the interest receivable in the financial statements for the year ended 31 March, 2019. The amounts have been recovered subsequent to year end.

f. Litigation in an erstwhile subsidiary of the Company, Max Telecom Ventures Limited ("MTVL") (since merged with the Company with effect from December 1, 2005)

S. No.	Assessment Year	Brief Description	Pending Before
1	1998-99	The capital gains of Rs. 47,493.09 lakhs realised by MTVL from the sale of shares of Hutchison Max Telecom Limited ("HMTL") [1st Stake Sale] were denied exemption under section 10(23G) of the Income-tax Act, 1961 ("the Act") by the Assessing Officer vide order dated March 28, 2001 and the sale transaction was held to be chargeable to tax in the financial year relevant to Assessment Year 1998-99 (MTVL had claimed that it pertained to AY 1999-2000). This resulted in a demand of Rs. 9,503.93 lakhs. On appeal by MTVL, the CIT (Appeals) vide order dated March 18, 2002 [while concluding that the sale transaction pertained to financial year relevant to Assessment Year 1998-99], quashed the order of the Assessing Officer denying exemption under section 10(23G), thereby cancelling the demand. The Tax Department has filed an appeal with the Income-tax Appellate Tribunal (ITAT) against this order which is pending as on date.	ITAT
2	1999-2000	Subsequently, in the next Assessment Year i.e. 1999-00, the above-mentioned transaction was once again sought to be taxed under a different head of income (i.e. business income) on a protective basis by the Assessing Officer vide order dated March 28, 2002 as MTVL had claimed that the transaction pertained to Assessment Year 1999-00 and not Assessment Year 1998-99. This, along with a few other additions, resulted in creation of a further demand of Rs. 24,993.19 lakhs which included the demand of Rs. 24,368.00 lakhs on protective basis. On appeal by MTVL, the CIT (Appeals) decided in favour of MTVL vide order dated December 18, 2002 and the demand was cancelled. The Tax Department has filed appeal against this order with the ITAT, which is pending as on date.	ITAT
3	1998-99	MTVL also filed an appeal before ITAT for Assessment Year 1998-99 contending that the aforesaid sale transaction pertained to financial year relevant to Assessment Year 1999-2000. This was disposed off by ITAT vide order dated March 23, 2007 by applying a circular of Tax Department applicable only to capital gains and holding, as a result, that the transaction of sale of shares pertained to financial year relevant to Assessment Year 1998-99. However, the Tax Authorities filed a petition before the ITAT requesting a review of the said order of the ITAT on the ground that all the matters pertaining to the aforesaid sale transaction should have been clubbed and heard together. The said petition of the Department was accepted by the ITAT vide order dated March 27, 2009 by recalling its earlier order. Aggrieved, the Company filed a writ petition to the Hon'ble High Court of Punjab and Haryana (HC) challenging the above action of ITAT on the ground that the same was beyond jurisdiction. The HC vide order dated May 04, 2009 admitted the writ petition and stayed the operations of the said order of ITAT. The ITAT, thereafter, adjourned sine-die all the matters pending operation of the stay imposed by the HC. The Department, subsequently, moved a Special Leave Petition (SLP) to Hon'ble Supreme Court against the stay granted by Hon'ble HC. The SLP was dismissed by the Hon'ble Supreme Court vide order dated May 12, 2010 with a direction to the HC to expeditiously dispose the writ petition filed by MTVL, which is pending as of date.	High Court

Notes forming part of the standalone financial statements

S. No.	Assessment Year	Brief Description	Pending Before
4	2006-07	The capital gains of Rs. 41,153.88 lakhs realised from the sale of remaining shares of HMTL [2nd Stake Sale] were taxed by holding the gains from sale transaction to be in the nature of business income and not capital gains and as a consequence exemption under Section 10(23G) of the Act was denied by the Assessing Officer vide order dated December 31, 2009 and a demand of Rs. 15,585.17 lakhs was raised. MTVL filed an appeal against the said order. The CIT(Appeals), vide order dated March 22, 2011, had quashed the assessment framed by the Assessing Officer, holding that the assessment was nullity in law and in view of the fact that the order was framed in the name of MTVL, an entity which had ceased to exist w.e.f. December 1, 2005. As a consequence, the demand stood cancelled. The Department had filed an appeal to ITAT against the said order of CIT(Appeals). The ITAT vide its order dated March 8, 2013 has upheld the order of CIT(Appeals). The Tax Department has filed appeal against this order with the Hon'ble HC, which is pending as on date.	High Court
5	2006-07	Consequent to quashing of the first proceedings in the name of MTVL, the Department initiated proceedings against Max India Limited as Successor of MTVL u/s 147 of the Act vide notice dated April 26, 2011. These proceedings had been completed on March 26, 2013 by holding the gains from sale transaction to be in the nature of business income and not capital gains and consequently denying exemption under Section 10(23G) of the Act and a demand of Rs. 19,816.25 lakhs had been raised. The company had filed an appeal against the same on April 25, 2013 and obtained stay of demand on May 27, 2013. The CIT(Appeals), vide order dated November 18, 2013, held on merits that the gain arising from sale of shares of HMTL be treated as long term capital gains and allowed the exemption u/s 10(23G) of the Act in respect of long term capital gain arising on sale of shares of HMTL be allowed to MTVL. The CIT(A), however, upheld reassessment proceedings by the Assessing Officer under section 147 of the Act as valid. As a consequence, the demand stood cancelled. Pursuant to this, the Tax Department has filed appeal against this order and MTVL has also filed cross objections before the ITAT against the action of the CIT(A) upholding the validity of re-assessment proceedings. Both appeals are pending as on date.	ITAT

26 Segment information

I. The Company is primarily engaged in making business investments in its subsidiary and providing management advisory services to the group companies. The Board of Directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Company's performance, allocates resources based on the analysis of the various performance indicators of the Company as a single unit. Therefore there is no reportable segment for the Company, in accordance with the requirements of Ind AS 108- 'Operating Segment Reporting', notified under the Companies (Indian Accounting Standard) Rules, 2015.

27. Employee benefit plans

(i) Defined contribution plans

The Company makes provident fund contribution to a defined contribution retirement benefit plan for eligible employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the provident fund trust set up by the Company. The Company is liable for annual contributions and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government under the Employees' Provident Fund Scheme, 1952 ("Scheme") and recognises as an expense in the year it is determined.

Notes forming part of the standalone financial statements

As per the actuarial report provided by the Actuary, As of 31 March, 2019, the fair value of the assets of the fund and the accumulated members' corpus is Rs. 1,987.06 lakhs (As at 31 March, 2018: Rs. 1,772.54 lakhs, as at 1 April, 2017: Rs. 1,540.89 lakhs) and Rs. 1,945.33 lakhs (As at 31 March, 2018: Rs. 1,748.07 lakhs, as at 1 April, 2017: Rs. 1,521.10 lakhs) respectively. In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.65% (As at 31 March, 2018: 8.55% , as at 1 April, 2017: 8.65%). The actuarial assumptions include discount rate of 6.76% (As at 31 March, 2018: 7.18% , as at 1 April, 2017: 6.67%).

The Company recognised Rs. 98.50 lakhs (Previous year: Rs. 93.82 lakhs) for provident fund contribution in the Statement of Profit and Loss. The contributions payable to the plan by the Company is at the rates specified in rules to the Scheme.

(ii) Defined benefit plans

The Company makes annual contribution to the Max Financial Services Limited Employees Group Gratuity Fund of the Life Insurance Corporation of India, a funded defined benefit plan for eligible employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of 6 months. Vesting occurs upon completion of 5 years of service.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date.

The gratuity plan typically exposes the Company to actuarial risks such as: interest rate risk, longevity risk and salary risk.

Interest risk
A decrease in the bond interest rate will increase the plan liability.

Longevity risk
The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability

Salary risk
The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

No other post-retirement benefits are provided to these employees.

In respect of the plan in India, the most recent actuarial valuation of the present value of the defined benefit obligation was carried out as at 31 March, 2019 by Manohar Lal Sodhi, Consulting Actuary, Fellow of the Institute of Actuaries of India ('Actuarial'). The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method as computed by the Actuarial.

Notes forming part of the standalone financial statements

(a) The principal assumptions used for the purposes of the actuarial valuations were as follows:

(Rs. in lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018	Year ended 01.04.2017
Discount rate(s)	7.00%	7.20%	6.50%
Expected return on plan assets	7.50%	8.25%	8.25%
Salary escalation	10.00%	10.00%	10.00%
Retirement age	58-65 years	58-65 years	58 years
Mortality tables	IALM (2006 - 08)	IALM (2006 - 08)	IALM (2006 - 08)
Attrition (%) - All ages	5% p.a.	5% p.a.	5% p.a.
Estimate of amount of contribution in the immediate next year (Rs. in lakhs)	81.63	48.51	60.16

(b) Amounts recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows as computed by the Actuarial:

(Rs. in lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Service cost		
- Current service cost	18.34	40.48
- Past service cost and (gain)/loss from settlements	-	-
Interest cost	27.20	19.20
Expected return on plan assets	(2.25)	(1.90)
Components of defined benefit costs recognised in profit or loss	**43.29**	**57.78**
Remeasurement on the net defined benefit liability		
- Return on plan assets (excluding amounts included in net interest expense)	(0.33)	(0.50)
- Actuarial (gains) / losses arising from changes in demographic assumptions	-	-
- Actuarial (gains) / losses arising from changes in financial assumptions	1.68	(7.60)
- Actuarial (gains) / losses arising from experience adjustments	28.32	30.31
Components of defined benefit costs recognised in other comprehensive income	**29.67**	**22.21**
Total	**72.96**	**79.99**

The current service cost and the net interest expense for the year are included in the employee benefits expense line item in the Statement of Profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

(c) The amount included in the Balance Sheet arising from the entity's obligation in respect of its defined benefit plans is as follows as computed by the Actuarial:

(Rs. in lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018	Year ended 01.04.2017
Present value of funded defined benefit obligation	(224.07)	(377.73)	(295.34)
Fair value of plan assets	7.22	31.41	29.01
Net liability arising from defined benefit obligation	**(216.85)**	**(346.32)**	**(266.33)**

Notes forming part of the standalone financial statements

(d) Movements in the present value of the defined benefit obligation are as follows:

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Opening defined benefit obligation	377.73	295.34	252.68
Current service cost	18.34	40.48	35.32
Interest cost	27.20	19.20	18.70
Remeasurement (gains)/losses:			
- Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
- Actuarial gains and losses arising from changes in financial assumptions	1.68	(7.60)	(8.80)
- Actuarial gains and losses arising from experience adjustments	28.32	30.31	-
Benefit paid - Paid by the Enterprise	(202.42)	-	-
Benefit paid - Payment made out of the Fund	(26.78)	-	(2.56)
Closing defined benefit obligation	**224.07**	**377.73**	**295.34**

(e) Movements in the present value of the plan assets as computed by Actuarial are as follows:

(Rs. in lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018	Year ended 01.04.2017
Plan assets at beginning of the year	31.41	29.01	16.92
Acquisition adjustment	-	-	9.89
Interest Income	2.25	1.90	2.24
Return on plan assets (excluding amounts including in net interest expense)	0.33	0.50	-
Actuarial gain / (loss) on plan assets	-	-	(0.04)
Benefits paid	(26.77)	-	-
Plan assets at the end of the year	**7.22**	**31.41**	**29.01**
Actual return on plan assets			

(f) Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

i) If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by Rs. 10.29 lakhs (increase by Rs. 10.97 lakhs) [as at 31 March, 2018: decrease by Rs. 8.16 lakhs (increase by Rs. 8.82 lakhs)] [as at 1 April, 2017: decrease by Rs. 3.32 lakhs (increase by Rs. 3.34 lakhs)].

ii) If the expected salary growth increases (decreases) by 0.50%, the defined benefit obligation would increase by Rs. 3.04 lakhs (decrease by Rs. 2.85 lakhs) [as at 31 March, 2018: increase by Rs. 3.08 lakhs (decrease by Rs. 2.90 lakhs)] [as at 1 April, 2017: increase by Rs. 3.37 lakhs (decrease by Rs. 3.43 lakhs)].

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Notes forming part of the standalone financial statements

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

(g) The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.

(h) Experience on actuarial gain/(loss) for benefit obligations and plan assets:

(Rs. in lakhs)

Particulars	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
Present value of DBO	224.07	377.73	295.34	252.68	430.63
Fair value of plan assets	7.22	31.41	29.01	16.92	41.10
Funded status [Surplus / (Deficit)]	(216.85)	(346.32)	(266.33)	(235.76)	(389.53)
Experience gain / (loss) adjustments on plan liabilities	(28.32)	(30.31)	12.54	(14.69)	(74.40)
Experience gain / (loss) adjustments on plan assets	-	-	(0.04)	(0.54)	(1.76)

28. Calculation of Earnings per share (EPS) - Basic and Diluted

(Rs. in lakhs)

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
Basic EPS		
Profit attributable to shareholders (Rs. in lakhs)	4,908.84	14,371.01
Weighted average number of equity shares outstanding during the year (Nos.)	268,605,095	267,948,970
Face value per equity share (Rs.)	2.00	2.00
Basic Earnings Per Share (Rs.)	**1.83**	**5.36**
Diluted EPS		
Equivalent weighted average number of employee stock options outstanding (Nos)	254,562	758,693
Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Nos)	268,859,656	268,707,663
Diluted Earnings Per Share (Rs.)	**1.83**	**5.35**

29 Employee Stock Option Plan

29.1 Employee Stock Option Plan – 2003 ("the 2003 Plan"):

The Company had instituted the 2003 Plan, which was approved by the Board of Directors on August 25, 2003 and by the shareholders on September 30, 2003. The 2003 Plan provides for grant of stock options aggregating not more than 5% of number of issued equity shares of the Company to eligible employees of the Company. The 2003 Plan is administered by the Nomination and Remuneration Committee appointed by the Board of Directors. Under the plan, the employees receive shares of the Company upon completion of vesting conditions such as rendering of services across vesting period. Vesting period ranges from one to five years and options can be exercised within two years from vesting date. As amended in the 2003 Plan and approved the shareholders in Annual General Meeting held on September 30, 2014, the Option Price will be determined by the Nomination and Remuneration Committee, from time to time, in accordance with the provisions of applicable law, provided that the Option Price shall not be below the face value of the equity shares of the Company.

Notes forming part of the standalone financial statements

The weighted average fair value of the share options granted under the 2003 plan during the financial year is Rs. Nil (March 31, 2018: Rs. Nil). Options were priced using Black Scholes model.

The following share based arrangements were in existence during the current and prior years :

	Options Series	Number	Grant date	Expiry date	Exercise Price (in Rs.)	Fair value at grant date (in Rs.)
1	Employee Stock Option Plan - 2003	110,750	12-Dec-14	30-Nov-19	311.20	258.34
		5,650	27-Mar-15	27-Mar-19	2.00	443.82
		7,308	1-Apr-16	1-Apr-19	2.00	334.05
		7,307	1-Apr-16	1-Apr-20	2.00	332.46

Note 1 : Options were priced using Black Scholes model, by an approved valuer engaged by the Company.

Particulars	March 31, 2019		March 31, 2018	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Option outstanding at the beginning of the year	1,132,767	219.48	2,246,745	211.90
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	(1,001,752)	218.78	(1,113,978)	204.19
Outstanding at the end of the year	131,015	224.82	1,132,767	219.48

For the period, the weighted average share price at the exercise date was Rs. 425.52 (previous year: Rs. 601.93)

The weighted average exercise price for stock options outstanding as at March 31, 2019 was Rs. 224.82 per share (March 31, 2018: Rs 219.48 per share).

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2019 is 0.56 years (March 31, 2018: 1.14 years). The range of exercise prices for options outstanding at the end of the year was 2.00 to 311.34 (March 31, 2018: 2.00 to 311.34).

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

29.2 Employees Phantom Stock Plans (PSP Plans)

The Company had instituted PSP Plans, which were approved by the Board of Directors. The PSP Plans provide for issue of units to eligible employees of the Company. Under the Plans, eligible employees receive cash equivalent to fair market value of units upon completion of vesting conditions, as administered by the Nomination and Remuneration Committee including rendering of services across vesting period. Vesting period ranges from 1 to 4 years.

Accordingly Rs. 720.49 lakhs (previous year: Rs. 380.42 lakhs) has been accrued as an expense in the Statement of Profit and Loss account as applicable. The details of the units granted during the year are as under:

Notes forming part of the standalone financial statements

Particulars	March 31, 2019		March 31, 2018	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Option outstanding at the beginning of the year	222,478	5.68	143,052	6.00
Granted during the Year	173,723	5.38	115,189	5.38
Forfeited during the year	-	-	-	-
Exercised during the year	(204,734)	6.00	(35,763)	6.00
Outstanding at the end of the year	191,467	5.68	222,478	5.68

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2019 is 1.00 years (March 31, 2018: 1.59 years).

30. Leases

The Company has entered into operating lease arrangements for certain facilities and office premises. Rent expense of Rs. 378.22 lakhs (previous year Rs. 313.35 lakhs) in respect of obligation under cancellable operating leases has been charged to the Statement of Profit and Loss.

31. Related party transactions

A. List of related parties

Subsidiary company	- Max Life Insurance Company Limited
Names of other related parties with whom transactions have taken place during the year	
Entity/person having significant influence/ control upon the Company	- Max Ventures Investment Holdings Private Limited
	- Mr. Analjit Singh (Chairman) (w.e.f. 23 July, 2018)
Key Management Personnel (KMP)	- Mr. Analjit Singh (Chairman) (w.e.f. 23 July, 2018)
	- Mr. Mohit Talwar (Managing Director)
	- Mr. Ashwani Windlass (Director)
	- Mr. Rajesh Khanna (Director till 11 February, 2019)
	- Mr. Aman Mehta (Director)
	- Mr. D.K. Mittal (Director)
	- Mrs. Naina Lal Kidwai (Director)
	- Mr. Sahil Vachani (Director) (w.e.f. 25 May, 2018)
	- Mr. Jai Arya (Director) (w.e.f. 14 November, 2018)
	- Mr. Charles Richard Vernon Stagg (Director) (w.e.f. 11 February, 2019)
	- Mr. Sanjay Nayar (Director)
	- Mrs. Sujatha Ratnam (Chief Financial Officer)
	- Mr. Sandeep Pathak (Company Secretary)
Enterprises owned or significantly influenced by key management personnel or their relatives	- Max India Foundation
	- Max India Limited
	- Max Ventures and Industries Limited
	- Max Bupa Health Insurance Company Limited
	- Antara Purukul Senior Living Limited
	- Max Skill First Limited
	- Antara Senior Living Limited
	- Max Learning Limited
	- Max UK Limited
	- KKR Capital Markets India Private Limited
	- Delhi Guest Houses Private Limited
	- New Delhi House Services Limited
	- Pharmax Corporation Limited
Employee benefit funds	- Max Financial Services Limited Employees' Provident Fund Trust

Notes forming part of the standalone financial statements

B. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

(Rs. in lakhs)

Nature of transaction	Name of related party	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of services	Max Life Insurance Company Limited	1,503.73	970.00
	Max India Limited	809.80	765.70
	Max Ventures and Industries Limited	159.15	155.66
	Max Bupa Health Insurance Company Limited	5.19	-
	Antara Purukul Senior Living Limited	2.09	6.90
	Max Learning Limited	-	3.95
Reimbursement of expenses (received from)	Max Life Insurance Company Limited	23.39	29.17
	Max Bupa Health Insurance Company Limited	22.02	23.26
	Max Ventures and Industries Limited	3.64	4.53
	Max India Limited	1.46	5.74
	Max Skill First Limited	1.46	1.81
	Antara Senior Living Limited	1.46	1.81
	Antara Purukul Senior Living Limited	4.85	-
	Max Learning Limited	1.25	-
Reimbursement of expenses (paid to)	Max Life Insurance Company Limited	4.59	4.59
	New Delhi House Services Limited	24.26	37.02
	Max India Limited	34.04	48.99
	Max Ventures and Industries Limited	9.41	2.50
	Max Life Insurance Company Limited	0.13	0.20
Repairs and maintenance - others	New Delhi House Services Limited	189.02	208.40
Finance costs	KKR Capital Markets India Private Limited	2,034.00	-
Insurance expense	Max Life Insurance Company Limited	10.90	9.89
	Max Bupa Health Insurance Company Limited	10.40	-
Legal and professional expenses	Max India Limited	2,700.00	2,344.00
	Max UK Limited	51.49	140.56
Rent including lease rentals	Delhi Guest Houses Private Limited	189.05	303.02
	Max India Limited	184.87	58.70
	Pharmax Corporation Limited	26.96	39.49
Charity and donations	Max India Foundation	75.00	77.00
Security deposit	Delhi Guest Houses Private Limited	4.82	-
Investments made	Max Life Insurance Company Limited	15,961.05	15,332.82

C. Transactions with the key management personnel during the year:

(Rs. in lakhs)

Name of key management personnel	Nature of transaction	For the year ended March 31, 2019	For the year ended March 31, 2018
Mr. Mohit Talwar (Note 1)	**Remuneration**	974.08	1,436.52
Mrs. Sujatha Ratnam (Note 1)	**Remuneration**	204.58	192.17
Mr. Sandeep Pathak (Note 1)	**Remuneration**	86.26	52.11
Mr. Analjit Singh	Director sitting fees	3.00	-
Mr. Ashwani Windlass		27.00	20.00
Mr. Rajesh Khanna		22.00	20.00
Mr. Aman Mehta		7.00	7.00
Mr. D.K. Mittal		28.00	16.00
Mrs. Naina Lal Kidwai		21.00	13.00
Mr. Sahil Vachani		3.00	-
Mr. Jai Arya		2.00	-
Mr. Charles Richard Vernon Stagg		2.00	-
Mr. Sanjay Nayar		-	-

Note 1 : As the future liability for gratuity and leave encashment is provided on actuarial basis for the Company as a

Notes forming part of the standalone financial statements

whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above. The figures do not include accrual recorded for Employee Share Based Payments.

D. The following table provides the year end balances with related parties for the relevant financial year :

Nature of transaction	Name of related party	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Trade receivables	Max Bupa Health Insurance Company Limited	5.05	8.27	3.51
	Max Learning Limited	-	0.25	29.92
	Max Life Insurance Company Limited	1,629.25	381.23	235.72
	Max Ventures and Industries Limited	157.24	79.54	38.33
	Antara Purukul Senior Living Limited	-	-	1.10
Other receivables	Antara Purukul Senior Living Limited	3.25	-	-
	Pharmax Corporation Limited	19.16	-	-
	Delhi Guest House Private Limited	20.96	-	-
Security deposits receivable	Pharmax Corporation Limited	4.50	35.00	35.00
	Delhi Guest House Private Limited	22.38	73.20	66.00
Trade payables	New Delhi House Services Limited	22.36	19.76	15.18
	Max India Limited	625.96	666.77	839.05
	Max UK Limited	-	79.30	56.74
Investment in equity share capital	Max Life Insurance Company Limited	208,026.12	192,065.07	176,732.25

32. Disclosure of section 186 (4) of the Companies Act 2013

Particulars of Investments made:

Name of the Investee	As at 01.04.2017	Investment made during the year	Investment redeemed / extinguished	As at 31.03.2018	Investment made during the year	Investment redeemed / extinguished	As at 31.03.2019	Purpose
Investment in equity shares of								
Max Life Insurance Company Limited	176,732.25	15,961.05	-	192,693.30	15,332.82	-	208,026.12	Strategic investment

33. Financial Instruments

(a) Capital Management

The capital management objectives of the Company are:

- to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios
- to ensure the ability to continue as a going concern
- to provide an adequate return to shareholders"

Management assesses the capital requirements of the Company in order to maintain an efficient overall financing structure. The Company manages the capital structure and makes adjustments to it in the light of changes in economic

Notes forming part of the standalone financial statements

conditions and the risk characteristics of the underlying assets.

(b) Financial risk management objective and policies

Financial assets and liabilities:

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below:

As at 31 March, 2019

(Rs. in lakhs)

Financial assets	Measured at amortised cost	Measured at FVTOCI	Measured at FVTPL	Total carrying value
Cash and cash equivalents	42.77	-	-	42.77
Bank balances other than (a) above	267.22	-	-	267.22
Derivative financial instruments	-	-	-	-
Trade receivables	2,179.55	-	-	2,179.55
Loans	7.37	-	-	7.37
Investments	-	-	5,105.70	5,105.70
Other financial assets	114.35	-	-	114.35
	2,611.26	-	**5,105.70**	**7,716.96**
Investment in equity shares of subsidiary carried at cost less impairment				**208,026.12**
Total financial assets				**215,743.08**

Financial liabilities	Measured at amortised cost	Measured at FVTOCI	Measured at FVTPL	Total carrying value
Derivative financial instruments	-	-	16,013.45	16,013.45
Trade payables	1,419.86	-	-	1,419.86
Other financial liabilities	1,213.06	-	-	1,213.06
	2,632.92	**-**	**16,013.45**	**18,646.37**

As at 31 March, 2018

(Rs. in lakhs)

Financial assets	Measured at amortised cost	Measured at FVTOCI	Measured at FVTPL	Total carrying value
Cash and cash equivalents	41.69	-	-	41.69
Bank balances other than (a) above	254.42		-	254.42
Derivative financial instruments	-	-	5,549.65	5,549.65
Trade receivables	668.74	-	-	668.74
Loans	82.55	-	-	82.55
Investments	-	-	4,366.57	4,366.57
Other financial assets	119.73	-	-	119.73
	1,167.13	**-**	**9,916.22**	**11,083.35**
Investment in equity shares of subsidiary carried at cost less impairment				**192,065.07**
Total financial assets				**203,148.42**

Financial liabilities	Measured at amortised cost	Measured at FVTOCI	Measured at FVTPL	Total carrying value
Derivative financial instruments	11,877.41	-	-	11,877.41
Trade payables	1,016.93	-	-	1,016.93
Other financial liabilities	1,186.84	-	-	1,186.84
	14,081.18	**-**	**-**	**14,081.18**

Notes forming part of the standalone financial statements

As at 1 April, 2017

(Rs. in lakhs)

Financial assets	Measured at amortised cost	Measured at FVTOCI	Measured at FVTPL	Total carrying value
Cash and cash equivalents	728.51	-	-	728.51
Bank balances other than (a) above	257.51	-	-	257.51
Derivative financial instruments	-	-	5,734.97	5,734.97
Trade receivables	769.06	-	-	769.06
Loans	92.27	-	-	92.27
Investments	-	-	2,841.33	2,841.33
Other financial assets	119.60	-	-	119.60
	1,966.95	**-**	**8,576.30**	**10,543.25**
Investment in equity shares of subsidiary carried at cost less impairment				**176,732.25**
Total financial assets				**187,275.50**

Financial liabilities	Measured at amortised cost	Measured at FVTOCI	Measured at FVTPL	Total carrying value
Derivative financial instruments	15,398.15	-	-	15,398.15
Trade payables	1,168.01	-	-	1,168.01
Other financial liabilities	738.98	-	-	738.98
	17,305.14	**-**	**-**	**17,305.14**

(c) Risk management framework

The Company is exposed to market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The objective of the Company's risk management framework is to manage the above risks and aims to :

- improve financial risk awareness and risk transparency
- identify, control and monitor key risks
- provide management with reliable information on the Company's risk exposure
- improve financial returns

(i) Market risk

Market risk is the risk that the fair value of financial instrument will fluctuate because of change in market price.

The Company's activities expose it primarily to interest rate risk, currency risk and other price risk such as equity price risk. The financial instruments affected by market risk includes : Fixed deposits, current investments, borrowings and other current financial liabilities.

(ii) Liquidity risk

The Company requires funds both for short-term operational needs as well as for long-term investment needs.

The Company remains committed to maintaining a healthy liquidity, gearing ratio, deleveraging and strengthening the balance sheet. The maturity profile of the Company's financial liabilities based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Company (other than derivative financial liability).

(Rs. in lakhs)

Notes forming part of the standalone financial statements

		As at 31 March, 2019				
		<1 year	1-3 Years	3-5 Years	> 5 Years	Total
-	Trade payables	1,419.86	-	-	-	1,419.86
-	Other financial liabilities	1,213.06	-	-	-	1,213.06
	Total	**2,632.92**	**-**	**-**	**-**	**2,632.92**

(Rs. in lakhs)

		As at 31 March, 2018				
		<1 year	1-3 Years	3-5 Years	> 5 Years	Total
-	Trade payables	1,016.93	-	-	-	1,016.93
-	Other financial liabilities	1,186.84	-	-	-	1,186.84
			-	-	-	
	Total	**2,203.77**	**-**	**-**	**-**	**2,203.77**

(Rs. in lakhs)

		As at 1 April, 2017				
		<1 year	1-3 Years	3-5 Years	> 5 Years	Total
-	Trade payables	1,168.01	-	-	-	1,168.01
-	Other financial liabilities	738.98	-	-	-	738.98
			-	-	-	
	Total	**1,906.99**	**-**	**-**	**-**	**1,906.99**

(iii) Interest rate risk

The Company is exposed to interest rate risk on fixed deposits outstanding as at the year end. The Company invests in fixed deposits to achieve the Company's goal of maintaining liquidity, carrying manageable risk and achieving satisfactory returns.

The changes to interest risk will impact the return of the Company, in terms of investments in deposits accounts and fluctuations in NAV of debt mutual fund investments made, which is not ascertainable.

Interest rate sensitivity analysis on fixed deposits:

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's profit before tax for the year ended 31 March, 2019 would decrease/increase by Rs. XX lakhs (year ended 31 March, 2018: Rs. XX lakhs).

(iv) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk primarily arises from trade receivables, balances with banks and security deposits. The credit risk on bank balances is limited because the counterparties are banks with good credit ratings. The Company's exposure and credit worthiness of its counterparties are continuously monitored.

34. Fair value measurement

i). Financial assets and financial liabilities that are not measured at fair value are as under:

(Rs. in lakhs)

Notes forming part of the standalone financial statements

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Cash and cash equivalents	42.77	42.77	41.69	41.69	728.51	728.51
Bank balances other than cash and cash equivalents	267.22	267.22	254.42	254.42	257.51	257.51
Trade receivables	2,179.55	2,179.55	668.74	668.74	769.06	769.06
Loans	7.37	7.37	82.55	82.55	92.27	92.27
Other financial assets	114.35	114.35	119.73	119.73	119.60	119.60
Financial liabilities						
Trade payables	1,042.92	1,042.92	1,146.32	1,146.32	2,652.57	2,652.57
Other financial liabilities	4,378.50	4,378.50	3,749.12	3,749.12	3,157.66	3,157.66

Note :

The carrying value of the above financial assets and financial liabilities carried at amortised cost approximate these fair value.

ii) Fair value hierarchy of assets measured at fair value as at 31 March, 2019; 31 March, 2018 and 1 April, 2017 is as follows:

(Rs. in lakhs)

Particulars	As at 31.03.2019	Fair value measurement at end of the reporting period/year using			Valuation techniques
		Level 1	Level 2	Level 3	
Financial assets					
Investment in mutual funds	5,105.70	5,105.70	-	-	Based on the NAV report issued by the fund manager
Derivative financial instruments	-	-	-	-	Valuation based on black scholes option pricing model.
Total financial assets	**5,105.70**	**5,105.70**	**-**	**-**	
Financial liabilities					
Derivative financial instruments	16,013.45	-	-	16,013.45	Valuation based on black scholes option pricing model.
Total financial liabilities	**16,013.45**	**-**	**-**	**16,013.45**	

(Rs. in lakhs)

Particulars	As at 31.03.2018	Fair value measurement at end of the reporting period/year using			Valuation techniques
		Level 1	Level 2	Level 3	
Financial assets					
Investment in mutual funds	4,366.57	4,366.57	-	-	Based on the NAV report issued by the fund manager
Derivative financial instruments	5,549.65	-	-	5,549.65	Valuation based on black scholes option pricing model.
Total financial assets	**9,916.22**	**4,366.57**	**-**	**5,549.65**	
Financial liabilities					
Derivative financial instruments	11,877.41	-	-	11,877.41	Valuation based on black scholes option pricing model.
Total financial liabilities	**11,877.41**	**-**	**-**	**11,877.41**	

Notes forming part of the standalone financial statements

(Rs. in lakhs)

Particulars	As at 01.04.2017	Fair value measurement at end of the reporting period/year using			Valuation techniques
		Level 1	Level 2	Level 3	
Financial assets					
Investment in mutual funds	2,841.33	2,841.33	-	-	Based on the NAV report issued by the fund manager
Derivative financial instruments	5,734.97	-	-	5,734.97	Valuation based on black scholes option pricing model.
Total financial assets	**8,576.30**	**2,841.33**	**-**	**5,734.97**	
Financial liabilities					
Derivative financial instruments	15,398.15	-	-	15,398.15	Valuation based on black scholes option pricing model.
Total financial liabilities	**15,398.15**	**-**	**-**	**15,398.15**	

35. First-time Ind AS adoption reconciliations

(A) Effect of Ind AS adoption on the balance sheet as at 31 March, 2018 and 1 April, 2017

Particulars			Notes	As at 31.03.2018 (End of last period presented under previous GAAP)			As at 01.04.2017 (Date of transition)		
				Previous GAAP*	Effect of Transition to Ind AS	Ind AS	Previous GAAP*	Effect of Transition to Ind AS	Ind AS
A.	ASSETS								
1.	Financial Assets								
	(a)	Cash and cash equivalents		41.69	-	41.69	728.51	-	728.51
	(b)	Bank balances other than cash and cash equivalents		254.42	-	254.42	257.51	-	257.51
	(c)	Derivative financial instruments	(a)	-	5,549.65	5,549.65	-	5,734.97	5,734.97
	(d)	Trade receivables		668.74	-	668.74	769.06	-	769.06
	(e)	Loans	(b)	82.79	(0.24)	82.55	95.73	(3.46)	92.27
	(f)	Investments	(c)	196,289.78	141.86	196,431.64	179,572.25	1.33	179,573.58
	(g)	Other financial assets		119.73	-	119.73	119.60	-	119.60
Total financial assets				**197,457.15**	**5,691.27**	**203,148.42**	**181,542.66**	**5,732.84**	**187,275.50**
2.	Non financial Assets								
	(a)	Current tax assets (Net)		605.06	-	605.06	520.94	-	520.94
	(b)	Property, plant and equipment		3,122.01	-	3,122.01	3,231.37	-	3,231.37
	(c)	Intangible assets		21.44	-	21.44	33.88	-	33.88
	(d)	Other non-financial assets	(b)	192.16	1.27	193.43	361.02	3.46	364.48
				3,940.67	**1.27**	**3,941.94**	**4,147.21**	**3.46**	**4,150.67**
	TOTAL Assets			**201,397.82**	**5,692.54**	**207,090.36**	**185,689.87**	**5,736.30**	**191,426.17**
B.	LIABILITIES AND EQUITY								
1.	Financial liabilities								
	(a)	Derivative financial instruments	(a)	-	11,877.41	11,877.41	-	15,398.15	15,398.15
	(b)	Trade payables							
		(i) total outstanding dues of micro enterprises and small enterprises		-	-	-	-	-	-
		(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,016.93	-	1,016.93	1,168.01	-	1,168.01

Notes forming part of the standalone financial statements

Particulars		Notes	As at 31.03.2018 (End of last period presented under previous GAAP)			As at 01.04.2017 (Date of transition)		
			Previous GAAP*	Effect of Transition to Ind AS	Ind AS	Previous GAAP*	Effect of Transition to Ind AS	Ind AS
	(c) Other financial liabilities	(d)	1,183.44	3.40	1,186.84	741.24	(2.26)	738.98
	Total financial liabilities		**2,200.37**	**11,880.81**	**14,081.18**	**1,909.25**	**15,395.89**	**17,305.14**
2.	**Non-financial liabilities**							
	(a) Provisions		486.14	-	486.14	366.53	-	366.53
	(b) Deferred tax liabilities		-	-	-	-	-	-
	(c) Other non-financial liabilities		568.28	-	568.28	585.14	-	585.14
	Total non-financial liabilities		**1,054.42**	**-**	**1,054.42**	**951.67**	**-**	**951.67**
3.	**Equity**							
	(a) Equity share capital		5,367.68	-	5,367.68	5,345.40		5,345.40
	(b) Other equity		192,775.35	(6,188.27)	186,587.08	177,483.55	(9,659.59)	167,823.96
	Total equity		**198,143.03**	**(6,188.27)**	**191,954.76**	**182,828.95**	**(9,659.59)**	**173,169.36**
	Total liabilities		**201,397.82**	**5,692.54**	**207,090.36**	**185,689.87**	**5,736.30**	**191,426.17**

* Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

(B) Reconciliation of total equity as at 31 March, 2018 and 1 April, 2017

(Rs. in lakhs)

Particulars	Notes	As at 01.04.2017	As at 31.03.2018
Total equity (shareholders' funds) as reported under previous GAAP		182,828.95	198,143.03
Effect of recognising employee stock options and phantom stock options cost at fair value	(d)	2.26	(3.40)
Effect of fair value of investments in mutual funds	(c)	1.33	141.86
Effect of fair value of financial instruments carried at fair value through profit or loss (FVTPL)	(a)	(9,663.18)	(6,327.76)
Effect of measuring financial instruments at amortised cost		-	1.03
Total adjustments to equity		**(9,659.59)**	**(6,188.27)**
Equity as reported under Ind AS		**173,169.36**	**191,954.76**

(C) Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended 31.03.2018

(Rs. in lakhs)

Particulars		Notes	Year ended 31.03.2018		
			Previous GAAP*	Effect of Transition to Ind AS	Ind AS
1.	**Revenue from operations**				
	(a) Interest income		13.23	-	13.23
	(b) Dividend income		20,016.07	-	20,016.07
	(c) Gain on fair value changes				
	- on derivative financial instruments	(a)	-	3,335.42	3,335.42
	- others	(c)	720.96	140.53	861.49
	(d) Sale of services		2,123.54	-	2,123.54
2.	**Total revenue from operations**		**22,873.80**	**3,475.95**	**26,349.75**
	Other Income	(b)	68.38	3.22	71.60
3.	**Total Income**		**22,942.18**	**3,479.17**	**26,421.35**

Notes forming part of the standalone financial statements

Particulars	Notes	Year ended 31.03.2018		
		Previous GAAP*	Effect of Transition to Ind AS	Ind AS
4. Expenses				
(a) Employee benefits expense	(d,e)	3,984.22	1,389.95	5,374.17
(b) Depreciation and amortisation expense		191.99	-	191.99
(c) Legal and professional expenses		4,630.92	-	4,630.92
(d) Other expenses		1,830.55	-	1,830.55
5. Total expenses		**10,637.68**	**1,389.95**	**12,027.63**
6. Profit/(Loss) before tax (3-5)		**12,304.50**	**2,089.22**	**14,393.72**
7. Tax expense				
(a) Current tax		-	-	-
(b) Deferred tax		-	-	-
8. Profit/(Loss) after tax (6-7)		**12,304.50**	**2,089.22**	**14,393.72**
9. Other comprehensive income				
Items that will not be reclassified to Profit and Loss				
- Remeasurement of defined benefit obligations	(e)	-	(22.71)	(22.71)
10. Total other comprehensive income		**-**	**(22.71)**	**(22.71)**
11. Total comprehensive income/(loss) for the year (8+10)		**12,304.50**	**2,066.51**	**14,371.01**

* Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

(D) Reconciliation of total comprehensive income for the year ended 31.03.2018

(Rs. in lakhs)

Particulars	Notes	Year ended 31.03.2018 (Latest period presented under previous GAAP)
Net Profit/(Loss) after tax as reported under previous GAAP		12,304.50
Adjustments:		
Effect of fair value of financial instruments carried at fair value through profit or loss (FVTPL)	(a)	3,335.42
Effect of fair value of investments in mutual funds	(c)	140.53
Effect of recognising employee stock options and phantom stock options cost at fair value	(d)	(1,410.47)
Effect of recognising actuarial (gain)/loss on employee defined benefit liability under other comprehensive income	(e)	22.71
Effect of measuring financial instruments at amortised cost	(b)	1.03
Total effect of transition to Ind AS		**14,393.72**
Other comprehensive income for the year	(e)	(22.71)
Total comprehensive income / (loss) under Ind AS		**14,371.01**

(E) Effect of Ind AS adoption on the Statement of cash flows for the year ended 31.03.2018

(Rs. in lakhs)

Particulars	As at 31.03.2018		
	Previous GAAP*	Effect of Transition to Ind AS	Ind AS
Net cash flows from operating activities	12,619.11	-	12,619.11
Net cash flows from investing activities	(16,069.27)	-	(16,069.27)
Net cash flows from financing activities	2,763.34	-	2,763.34

Notes forming part of the standalone financial statements

Particulars	As at 31.03.2018		
	Previous GAAP*	Effect of Transition to Ind AS	Ind AS
Net increase/(decrease) in cash and cash equivalents	(686.82)	-	(686.82)
Cash and cash equivalents at the beginning of the year	728.51	-	728.51
Cash and cash equivalents at the end of the year	41.69	-	41.69

* Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Notes to the reconciliation items:

(a) **Derivative financial instruments**

Under previous GAAP, there is no accounting treatment for derivative financial instruments of the Company. Under Ind AS derivative financial instruments are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(b) **Loans at amortised cost**

Under previous GAAP, Loans were accounted for at their undiscounted nominal values. Under Ind AS, these have been accounted for at amortised cost method by discounting the cash flows using effective interest rates.

(c) **Investments in mutual funds**

Under Ind AS, the entity accounts for such investments as FVTPL investments. As required by Ind AS, these FVTPL investments have been measured at fair value with gains and losses recognised in Statement of Profit and Loss. At the date of transition to Ind AS, difference between the instruments fair value and previous GAAP carrying amount has been adjusted in opening reserves.

(d) **Fair valuation of ESOP and PSP**

For ESOPs, Under previous GAAP, the cost of equity settled employee share-based payments was recognised using the intrinsic value method. Under Ind AS, the cost of equity-settled employee share-based payments are recognised based on grant date fair value of options. Accordingly, the incremental difference between fair value and intrinsic value of options has been accounted for as employee benefit expenses. The opening impact of this difference has been adjusted in the opening reserves.

For PSPs, Under previous GAAP, the Company was providing liability for estimated cash requirement for settlement of PSPs on the basis of Fair Market Value of equity shares. Under Ind AS, the liability is recognised at the fair value of the PSPs, by applying an appropriate option pricing model.

(e) **Gain/loss on re-measurement of net defined benefit liability**

Under previous GAAP, there was no concept of other comprehensive income and actuarial gains and losses were accounted for in Statement of Profit and Loss. Under Ind As, actuarial gain or losses are accounted for as other comprehensive income.

36. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

Notes forming part of the standalone financial statements

37. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

38. The Company is primarily engaged in the business of making business investment in its subsidiaries. The investments (financial assets) and dividend income (financial income) on the same has resulted in financial income to be in excess of 50% of its total income and its financial assets to be more than 50% of total assets. The Company is of the view supported by legal opinion that the Company is a 'Core Investment Company' ('CIC') and does not meet the criteria for Systemically Important Core Investment Company ('CIC-SI') as laid down in the CIC Master Circular dated July 1, 2015. Hence, registration under Section 45-IA of the Reserve Bank of India Act, 1934 is not required.

39. Payment to auditor (excluding GST/Service tax) (included in legal and professional)

(Rs. in Lakhs)

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
To statutory auditor:		
For audit	20.00	18.00
For other services	3.00	5.00
Reimbursement of expenses	1.09	1.47
Total	**24.09**	**24.47**

40. Disclosures as per the Micro and Small Enterprises

(Rs. in Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(i) The principal amount remaining unpaid to any supplier	-	-	-
(ii) Interest due thereon remaining unpaid at the end of the year	-	-	-
(iii) The amount of interest paid along with the amounts of the payment beyond the appointed day	-	-	-
(iv) The amount of interest due and payable for the year	-	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the year	-	-	-
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

41. During the year, the Company has incurred finance cost aggregating to Rs. 2,724.62 lakhs towards underwriting fee and arranger's fee in respect of firm commitments made by certain lenders to enable the Company to provide its portion of shareholders' contribution for a potential acquisition opportunity pursued by its subsidiary company. However, subsequently the subsidiary company decided not to pursue the said acquisition opportunity and hence no fund raising was done by the Company. As the Company has not accessed any public funds, it continues to be a non Systemically Important Core Investment Company under the Non-Banking Finance Company (NBFC) rules as defined under the Reserve Bank of India Act, 1934.

Notes forming part of the standalone financial statements

42. Gain/(loss) on fair value changes on derivative financial instruments represents gain/(loss) arising out of the Option arrangements relating to equity shares of Max Life Insurance Company Limited (MLIC), executed during the year ended March 31, 2016, amongst the Company, Axis Bank Limited and Mitsui Sumitomo Insurance Company Limited and accounted for Fair Value Through Profit or Loss account (FVTPL) in standalone Ind AS financial results of the Company as per Ind AS 109.

During the year ended March 31, 2019, the Company acquired 0.30% equity shares of Max Life Insurance Company Limited (MLIC), subsidiary of the Company from Mitsui Sumitomo Insurance Company Limited and 0.74% equity shares of MLIC from Axis Bank Limited, thereby increasing its stake in MLIC from 70.75% to 71.79% as at March 31, 2019 upon exercise of such options.

43. The standalone Ind AS financial statements were approved for issue by the Board of Directors on May 28, 2019.

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694

Sahil Vachani
(Director)
DIN No:00761695

Sujatha Ratnam
(Chief Financial Officer)

Sandeep Pathak
(Company Secretary)
M.No. - FCS-5351

Place : New Delhi
Date : May 28, 2019

INDEPENDENT AUDITOR'S REPORT

To The Members of Max Financial Services Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Max Financial Services Limited** ("the Parent") and its subsidiary, (the Parent and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") , and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the auditors of the subsidiary company in terms of their reports referred to in the sub-paragraphs (a) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Sr. No.</th><th>Key Audit Matter</th><th>Auditor's Response</th></tr>
<tr><td>1.</td><td>Accounting of put options written to Non Controlling Interests (NCI) in Consolidated Financial Statements

(Refer note 56 of the consolidated financial statements)

During the year ended March 31, 2016, the Group has entered into written Put Option arrangement with Non-Controlling Interests that require Group to purchase certain shares held by Non-Controlling Interests in future.

As required under Ind AS, put option granted to Non-Controlling Interest is initially recognised in the consolidated financial statements by the Group as a financial liability at the fair value of the amount that may become payable on exercise of option and is adjusted against the shareholders' equity on April 01, 2017 (date of transition). In the absence of any mandatorily applicable accounting guidance, the Group has elected an accounting policy to recognise changes on subsequent measurement of the liability in shareholders' equity.

Considering, the magnitude of fair value amount of the liability recognised towards written put option and election of accounting policy choice, we have considered such matters to be key audit matter.</td><td>Principal Audit Procedures performed:

• Reviewed and analysed the contractual arrangements of the written put option arrangement to understand the key terms and to determine whether the Group's accounting treatment under Ind AS is appropriate.
• Obtained an understanding of the Company's process for determining the valuation of written put options.
• Tested the design and operating effectiveness of the internal controls on the valuation of the written put options as at the period end.
• Assessed the competency, capability and objectivity of the management's valuer.
• Tested the mathematical accuracy of the valuation model used.
• Involved our internal valuation expert in relation to testing of the appropriateness of the valuation method applied and on sample basis tested the valuation of written put options.</td></tr>
<tr><td>2.</td><td>Policy liabilities

(In respect of the subsidiary company)

Provisions against life insurance contracts mainly comprise the provision for future policy benefits and the provision for outstanding claims.

Valuation of the provision for future policy benefits is necessarily dependent on a number of assumptions. These refer in particular to discount rates, mortality and morbidity assumptions, acquisition and administration expenses, and calculated lapse rates. In accordance with applicable accounting regulations, these assumptions are determined at the start of a contract and are only adjusted if there is a significant deterioration. As the assumptions are generally not observable in the market, the determination or adjustment of these assumptions are subject to uncertainty and judgement</td><td>Principal Audit Procedures performed in respect of subsidiary company:

The auditors of subsidiary company have assessed the Appointed Actuary's calculation of the liabilities by performing the following procedures:

• Verified the underlying data to source documentation on a sample basis.
• Reconciled the underlying data used by the Actuary with the trial balance and the data obtained from the policy administration system to ensure completeness.
• Understood from the Appointed Actuary the assumptions used and the basis for the same to evaluate these assumptions with the available peer details.
• Assessed the Company's methodology for calculating the policy liabilities against recognized actuarial practices.
• Obtained and reconciled the provision amount with the Appointed Actuary's certificate in this regard.
However, auditors of subsidiary company have not audited the actuarial process and computations. These are not covered by audit opinion</td></tr>
</table>

Sr. No.	Key Audit Matter	Auditor's Response
3.	**Multiple Information Technology Systems** **(In respect of the subsidiary company)** The subsidiary company is highly dependent on technology due to the significant number of transactions that are processed daily across multiple and discrete Information Technology ("IT") systems. The audit approach relies extensively on automated controls and therefore on the effectiveness of controls over IT systems. IT application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Appropriate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to applications and data. Management is in the process of implementing several remediation activities that are expected to contribute to reducing the risk over IT applications in the financial reporting process. These included implementation of subsidiary company wide preventive and detective controls across critical applications and infrastructure. Due to the pervasive nature, in our preliminary risk assessment we will begin by assessing the risk of a material misstatement arising from technology as significant for the audit.	**Principal Audit Procedures performed in respect of subsidiary company:** The auditors of subsidiary company performed a range of audit procedures, which included the following: Tested access rights over applications, operating systems and databases relied upon for financial reporting. Specifically, the tests were designed to cover the following: - New access requests for joiners are properly reviewed and authorised; - User access rights are removed on a timely basis when an individual has left or moved role; - Periodic monitoring of access rights to applications, operating systems and databases for appropriateness; and - Highly privileged access is restricted to appropriate personnel. Other areas that were assessed included password policies, security configurations, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment. Other procedures that were carried out are: - Where inappropriate access was identified, the nature of the access was understood, and, where possible, obtain additional evidence on the appropriateness of the activities performed; - Obtained a list of users' access permissions and manually compared it to other access lists where segregation of duties was deemed to be of higher risk.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report (including annexures thereto), Business Responsibility Statement and Management discussion and analysis (MD&A) (collectively referred to as "other information"), but does not include the consolidated financial statements and our auditor's report thereon.

- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries and joint ventures, is traced from their financial statements.

- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information entities within the Group to express an opinion on the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

In respect of Max Life Insurance Company Limited ("MLIC"), a subsidiary company, determination of the following as at year ended March 31, 2019 is the responsibility of the subsidiary's Appointed Actuary.

i. The Actuarial valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at March 31, 2019 in respect of the subsidiary. In the opinion of the Appointed Actuary, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India (IRDAI) and the Institute of Actuaries of India in concurrence with the IRDAI. The charge of "Net Change in Insurance and Investment Contract Liabilities" includes charge for actuarial valuation of liabilities for life policies in force and charge for the policies in respect of which premium has been discontinued but liability exists as at March 31, 2019. These charges have been actuarially determined, based on the liabilities duly certified by the subsidiary's Appointed Actuary; and

ii. Other adjustments for the purpose of preparation of the Statement, as confirmed by the Appointed Actuary of subsidiary are in accordance with Indian Accounting Standard 104 on Insurance Contracts:

a. Assessment of contractual liabilities based on classification of contracts into insurance contracts and investment contracts;

b. Valuation and Classification of Deferred Acquisition Cost and Deferred Origination Fees on Investment Contracts and Valuation of Embedded Derivatives;

c. Grossing up and classification of the Reinsurance Assets; and

d. Liability adequacy test as at the reporting dates.

The auditors of Max Life Insurance Company Limited ("MLIC"), subsidiary company have relied on the certificates of the Appointed Actuary in respect of above matters in forming their opinion on the financial information of the said subsidiary.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the auditors of the subsidiary company.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Parent as on March 31, 2019 taken on record by the Board of Directors of the Parent and the report of the auditors of the subsidiary company, none of the directors of the Group companies is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and subsidiary company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 35 of the forming part of consolidated financial statements.

ii. The liability for insurance contracts, is determined by the MLIC's Appointed Actuary, and is covered by the Appointed Actuary's certificate, referred to in Other Matter paragraph above, on which the auditors of the subsidiary company have placed reliance. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts - Refer Note 51 of the notes forming part of consolidated financial statements.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary company - Refer Note 52 of the notes forming part of consolidated financial statements.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

SATPAL SINGH ARORA
Place: New Delhi
(Partner)

Date: May 28, 2019
(Membership No. 98564)

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of **Max Financial Services Limited** (hereinafter referred to as "Parent") and its subsidiary company, which are companies incorporated in India, as of that date.

In respect of Max Life Insurance Company Limited ('MLIC"), a subsidiary company, the actuarial valuation of liabilities for life policies in force and policies where premium is discontinued is required to be certified by the Appointed Actuary as per the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations") and has been relied upon by the auditors of the subsidiary company, as mentioned in "Other Matter" para of our audit report on the consolidated financial statements of the Group as at and for the year ended March 31, 2019. Accordingly, the auditors of the subsidiary company have not audited the internal financial controls over financial reporting in respect of the valuation and accuracy of the aforesaid actuarial valuation.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the auditors of the subsidiary company, which are companies incorporated in India, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary company, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial

Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the auditors of the subsidiary company referred to in the Other Matters paragraph below, the Parent and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

The auditors of Max Life Insurance Company Limited ("MLIC"), a subsidiary company have reported that the actuarial valuation of liabilities for life policies in force and policies where premium is discontinued is required to be certified by the Appointed Actuary as per the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations") and has been relied upon by them, as mentioned in "Other Matter" para of our audit report on the consolidated financial statements of the Group as at and for the year ended March 31, 2019. Accordingly, MLIC's auditors have not audited the internal financial controls over financial reporting in respect of the valuation and accuracy of the aforesaid actuarial valuation.

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 1 (one) subsidiary company, which is company incorporated in India, is based solely on the corresponding reports of the auditors of such company incorporated in India.

Our opinion is not modified in respect of the above matters.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

SATPAL SINGH ARORA
Place: New Delhi
(Partner)

Date: May 28, 2019
(Membership No. 98564)

Consolidated Balance Sheet as at 31 March 2019

(Rs. In lakhs)

Particulars		Note No.	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
A.	**ASSETS**				
1.	**Financial assets**				
	(a) Cash and cash equivalents	3	50,573.81	61,008.51	11,720.34
	(b) Bank balance other than (a) above	4	267.22	254.42	257.51
	(c) Derivative financial instruments		-	-	-
	(d) Receivables - Trade receivables	5	550.30	281.04	527.68
	(e) Loans	6	7.37	82.55	92.28
	(f) Investments	7	349,280.30	306,893.74	334,537.95
	(g) Other financial assets	8	131.05	119.73	119.60
	(h) Financial assets of Life Insurance Policyholders' Fund	9	6,140,595.11	5,096,600.33	4,281,421.31
	Total financial assets		**6,541,405.16**	**5,465,240.32**	**4,628,676.67**
2.	**Non-financial assets**				
	(a) Current tax assets (net)	10	988.48	605.06	520.94
	(b) Property, plant and equipment	11	3,036.45	3,121.99	3,231.37
	(c) Goodwill		52,525.44	52,525.44	52,525.44
	(d) Other Intangible assets	12	8.89	21.44	33.88
	(e) Other non-financial assets	13	8,375.29	8,375.52	8,561.45
	(f) Non- financial assets of Life Insurance Policyholders' Fund	14	114,734.18	54,277.73	43,525.93
	Total non-financial assets		**179,668.73**	**118,927.18**	**108,399.01**
	Total Assets		**6,721,073.89**	**5,584,167.50**	**4,737,075.68**
B.	**LIABILITIES AND EQUITY**				
I.	**LIABILITIES**				
1.	**Financial liabilities**				
	(a) Trade Payables	15			
	(i) Total outstanding dues of micro enterprises and small enterprises		-	-	-
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		2,752.09	2,923.54	11,168.51
	(b) Other financial liabilities	16	49,755.99	66,499.07	83,387.67
	(c) Financial liabilities of Life Insurance Policyholders' Fund	17	177,752.17	140,433.81	128,544.79
	Total financial liabilities		**230,260.25**	**209,856.42**	**223,100.97**
2.	**Non-financial liabilities**				
	(a) Current Tax Liabilities (Net)	18	-	96.31	164.82
	(b) Provisions	19	287.11	486.15	366.53
	(c) Deferred Tax Liabilities (Net)	24	5,650.79	3,554.07	2,934.03
	(d) Other non-financial liabilities	20	623.02	568.28	585.14

Particulars	Note No.	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(e) Non- financial liabilities of Life Insurance Policyholders' Fund	21	6,200,942.87	5,109,427.14	4,281,126.87
Total non-financial liabilities		**6,207,503.79**	**5,114,131.95**	**4,285,177.39**
Total liabilities		**6,437,764.04**	**5,323,988.37**	**4,508,278.36**
II. EQUITY				
(a) Equity share capital	22	5,387.72	5,367.68	5,345.40
(b) Other equity	23	200,515.72	176,559.80	148,314.61
Equity attributable to owners of the Company		**205,903.44**	**181,927.48**	**153,660.01**
Non Controlling Interest		77,406.41	78,251.65	75,137.31
Total equity		**283,309.85**	**260,179.13**	**228,797.32**
Total liabilities and equity		**6,721,073.89**	**5,584,167.50**	**4,737,075.68**

See accompanying notes to the consolidated Ind AS financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Satpal Singh Arora
Partner
Membership No. 98564

Place : New Delhi
Date : May 28, 2019

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694

Sahil Vachani
(Director)
DIN No:00761695

Sujatha Ratnam
(Chief Financial Officer)

Sandeep Pathak
(Company Secretary)
M.No. - FCS-5351

Place : New Delhi
Date : May 28, 2019

Consolidated Statement of Profit and Loss for the year ended 31 March 2019

(Rs. In lakhs)

	Particulars	Note No	Year ended 31.03.2019	Year ended 31.03.2018
1.	**Revenue from operations**			
	(a) Interest Income	25	16,237.11	17,007.43
	(b) Dividend Income	26	203.79	173.48
	(c) Net gain on fair value changes	27	5,127.17	6,085.16
	(d) Policyholders' Income from Life Insurance operations	28	1,926,968.62	1,609,334.72
	(e) Sale of services		1,225.06	1,144.31
2.	**Total Revenue from operations**		**1,949,761.75**	**1,633,745.10**
3.	Other income	29	361.46	125.96
4.	**Total income (2+3)**		**1,950,123.21**	**1,633,871.06**
5.	**Expenses**			
	(a) Finance costs	30	2,729.85	10.72
	(b) Impairment on financial instruments		501.89	31.92
	(c) Employee benefits expenses	31	8,436.72	3,717.19
	(d) Depreciation and amortization expense	32	175.25	191.99
	(e) Legal and professional expenses		4,351.26	4,630.92
	(f) Policyholders' Expenses from Life Insurance operations	33	1,882,657.18	1,569,363.59
	(g) Other expenses	34	3,187.08	2,922.29
6.	**Total expenses**		**1,902,039.23**	**1,580,868.62**
7.	**Profit before tax (4-6)**		**48,083.98**	**53,002.44**
8.	**Tax expense**			
	Relating to other than revenue account of Life Insurance policyholders			
	Current tax	24	6,622.07	8,754.54
	Deferred tax	24	(185.30)	63.88
	Relating to revenue account of Life Insurance policyholders			
	Current tax		-	-
	Total tax expense		**6,436.77**	**8,818.42**
9.	**Profit after tax for the year(including Non-controlling interests) (7-8)**		**41,647.21**	**44,184.02**
10.	**Other comprehensive income (OCI)**			
	Relating to revenue account of Life Insurance Policyholders'			
	(i) Items that will not be reclassified to profit or loss in subsequent periods			
	- Remeasurement of defined benefit obligations		(532.15)	53.23
	Less: Transferred to Policyholders' Fund in the Balance Sheet		(532.15)	53.23
	Subtotal (A)		**-**	**-**

	Particulars	Note No	Year ended 31.03.2019	Year ended 31.03.2018
	(ii) Items that will be reclassified to profit or loss in subsequent periods			
	- Changes in fair values of FVTOCI debt instruments		(782.14)	(3,732.46)
	- Cash flow hedge		8,653.36	(1,818.18)
	Less: Transferred to Policyholders' Fund in the Balance Sheet		7,871.22	(5,550.64)
	Subtotal (B)		**-**	**-**
	Relating to Others			
	(i) Items that will not be reclassified to profit or loss in subsequent periods			
	- Remeasurement of defined benefit obligations		(29.67)	(22.71)
	- Income tax relating to items that will not be reclassified to profit or loss		-	-
	Subtotal (C)		**(29.67)**	**(22.71)**
	(ii) Items that will be reclassified to profit or loss in subsequent periods			
	- Changes in fair values of FVTOCI debt instruments		190.00	(2,055.33)
	- Cash flow hedge		-	-
	- Income tax relating to items that will be reclassified to profit or loss		28.58	(296.38)
	Subtotal (D)		**161.42**	**(1,758.95)**
11.	**Other Comprehensive Income for the year (A+B+C+D)**		**131.75**	**(1,781.66)**
12.	**Total Comprehensive Income (after tax) (9+11)**		**41,778.96**	**42,402.36**
	Profit for the year attributable to			
	Owners of the Company		26,256.07	28,639.24
	Non-controlling interests		15,391.14	15,544.78
	Other Comprehensive Income attributable to			
	Owners of the Company		86.20	(1,267.14)
	Non-controlling interests		45.55	(514.52)
	Total comprehensive Income attributable to			
	Owners of the Company		26,342.27	27,372.10
	Non-controlling interests		15,436.69	15,030.26
	Earnings per share (EPS) (Rs.)			
	(a) Basic EPS	38	9.77	10.69
	(b) Diluted EPS		9.77	10.66

See accompanying notes to the consolidated Ind AS financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Satpal Singh Arora
Partner
Membership No. 98564

Place : New Delhi
Date : May 28, 2019

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694

Sahil Vachani
(Director)
DIN No:00761695

Sujatha Ratnam
(Chief Financial Officer)

Sandeep Pathak
(Company Secretary)
M.No. - FCS-5351

Place : New Delhi
Date : May 28, 2019

Consolidated Statement of changes in equity for the year ended 31 March, 2019

a) Equity share capital

(Rs. in lakhs)

Particulars	Amount
Balance at 1 April, 2017	**5,345.40**
Changes in equity share capital during the year	
Issue of equity shares (See note 22)	22.28
Balance at 31 March, 2018	**5,367.68**
Changes in equity share capital during the year	
Issue of equity shares (See note 22)	20.04
Balance at 31 March, 2019	**5,387.72**

b) Other equity

(Rs. in lakhs)

Particulars	Reserves and Surplus					Items of OCI FVTOCI Reserve	Attributable to owners of the Company	Attributable to Non controlling interest	Total other equity
	Securities premium	Capital Redemption Reserve	Share option outstanding a/c	Surplus in the statement of profit and loss	General Reserves				
As at 01 April, 2017	32,265.01	2,587.84	2,346.83	93,370.31	15,358.07	2,386.55	148,314.61	75,137.31	223,451.92
Profit/ (loss) for the year	-	-	-	28,639.24	-	-	28,639.24	15,544.78	44,184.02
Other comprehensive income	-	-	-	(22.71)	-	(1,244.48)	(1,267.19)	(514.52)	(1,781.71)
Total comprehensive income	**-**	**-**	**-**	**28,616.53**	**-**	**(1,244.48)**	**27,372.05**	**15,030.26**	**42,402.31**
Premium on issue of shares during the year	5,015.66	-	-	-	-	-	5,015.66	-	5,015.66
Interim Dividends	-	-	-	-	-	-	-	(4,770.89)	(4,770.89)
Final Dividends	-	-	-	-	-	-	-	(3,592.20)	(3,592.20)
Dividend Distribution Tax	-	-	-	(4,970.33)	-	-	(4,970.33)	(1,702.53)	(6,672.86)
Compensation options granted during the year	-	-	1,651.05	-	-	-	1,651.05	-	1,651.05
Transferred to securities premium account	-	-	(2,274.60)	-	-	-	(2,274.60)	-	(2,274.60)
Transfer to non-controlling interest	-	-	-	-	-	-	-	(1,850.30)	(1,850.30)
Change in fair value of gross obligations over written put options issued to the non-controlling interests (See Note 56)	-	-	-	(187.76)	-	-	(187.76)	-	(187.76)
Gain/(loss) on stake change in subsidiary without loss of control				1,639.12			1,639.12	-	1,639.12
As at 31 March, 2018	**37,280.67**	**2,587.84**	**1,723.28**	**118,467.87**	**15,358.07**	**1,142.07**	**176,559.80**	**78,251.65**	**254,811.45**
Profit/ (loss) for the year	-	-	-	26,256.07	-	-	26,256.07	15,391.14	41,647.21
Other comprehensive income	-	-	-	(29.67)	-	115.87	86.20	45.55	131.75
Total comprehensive income	**-**	**-**	**-**	**26,226.40**	**-**	**115.87**	**26,342.27**	**15,436.69**	**41,778.96**
Premium on issue of shares during the year	4,590.23	-	-	-	-	-	4,590.23	-	4,590.23
Interim Dividends	-	-	-	-	-	-	-	(6,605.13)	(6,605.13)
Final Dividends	-	-	-	-	-	-	-	(4,601.94)	(4,601.94)
Dividend Distribution Tax	-	-	-	(8,114.25)	-	-	(8,114.25)	(2,303.64)	(10,417.89)
Compensation options granted during the year	-	-	719.98	-	-	-	719.98	-	719.98

Particulars	Reserves and Surplus					Items of OCI FVTOCI Reserve	Attributable to owners of the Company	Attributable to Non controlling interest	Total other equity
	Securities premium	Capital Redemption Reserve	Share option outstanding a/c	Surplus in the statement of profit and loss	General Reserves				
Transferred to securities premium account	-	-	(2,191.54)	-	-	-	(2,191.54)	-	(2,191.54)
Transfer to non-controlling interest	-	-	-	-	-	-	-	(2,771.22)	(2,771.22)
Change in fair value of gross obligations over written put options issued to the non-controlling interests (See Note 56)	-	-	-	249.44	-	-	249.44	-	249.44
Gain/(loss) on stake change in subsidiary without loss of control				2,359.79			2,359.79	-	2,359.79
As at 31 March, 2019	**41,870.90**	**2,587.84**	**251.72**	**139,189.25**	**15,358.07**	**1,257.94**	**200,515.72**	**77,406.41**	**277,922.13**

See accompanying notes to the consolidated Ind AS financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Satpal Singh Arora
Partner
Membership No. 98564

Place : New Delhi
Date : May 28, 2019

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694

Sahil Vachani
(Director)
DIN No:00761695

Sujatha Ratnam
(Chief Financial Officer)

Sandeep Pathak
(Company Secretary)
M.No. - FCS-5351

Place : New Delhi
Date : May 28, 2019

Consolidated Cash Flow Statement for the year ended March 31, 2019

(Rs. In lakhs)

	Particulars	Year ended 31.03.2019	Year ended 31.03.2018
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax	**48,083.98**	**53,002.44**
	Adjustments for:		
	Depreciation and amortisation expense	7,621.47	6,315.37
	Interest Income	(329,124.58)	(270,119.46)
	Dividend income	(16,053.60)	(15,171.96)
	Net loss / (profit) on sale / disposal of fixed assets	15.77	(28.48)
	Realised gain/(loss) on financial instruments classified as FVTPL	(181,702.26)	(119,590.99)
	Realised gain/(loss) on financial instruments classified as FVTOCI	(105.90)	2,124.32
	Realised gain/(loss) on financial instruments classified as amortised cost	(2,199.26)	-
	Liabilities/provisions no longer required written back	(1.26)	(1.19)
	Provision for doubtful service tax credit receivable	-	289.94
	Provision for doubtful debts and bad-debts written off	174.94	191.26
	Change in policyholder reserves (including FFA)	1,026,301.80	834,847.05
	Expense on employee stock option scheme	719.98	1,651.05
	Operating Profit / (Loss) before working capital changes	**553,731.08**	**493,509.35**
	Changes in working capital:		
	Adjustments for (increase)/ decrease in operating assets:		
	Trade receivables	(5,553.43)	(10,171.77)
	Loans	75.18	9.72
	Other financial assets	(32,699.90)	25,215.20
	Other non financial assets	(31,241.69)	(2,494.77)
	Re-insurance assets	37,393.24	1,729.59
	Dividend received	16,053.60	15,171.96
	Interest received	310,660.22	252,872.08
	Adjustments for increase / (decrease) in operating liabilities:		
	Trade payables	8,573.56	(1,951.27)
	Other financial liabilities	5,351.27	(3,143.74)
	Provisions	1,074.20	1,077.73
	Insurance contract liabilities	18,930.21	(3,260.17)
	Investment contract liabilities	(10,206.20)	(10,237.70)
	Other non financial liabilities	17,595.50	3,922.79
	Cash generated from operations	**889,736.84**	**762,249.00**
	Net income tax (paid) / refunds	(7,130.85)	(8,892.29)
	Net cash from operating activities (A)	**882,605.99**	**753,356.71**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Capital expenditure on property, plant and equipment including capital advances	(10,044.90)	(4,918.90)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Proceeds from sale of property, plant and equipment	201.21	111.12
Bank balances not considered as Cash and cash equivalents (net)	(12.80)	3.09
Investments		
- Purchased	(74,385,946.08)	(52,188,074.83)
- Proceeds from sale	73,527,204.86	51,506,738.25
Proceeds from loan against policies	(10,324.73)	(8,994.04)
Net cash from/ (used in) investing activities (B)	**(878,922.44)**	**(695,135.31)**
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from ESOPs exercised (including share premium)	2,418.73	2,763.34
Dividend including distribution tax	(19,782.97)	(14,394.55)
Net cash from/ (used in) financing activities (C)	**(17,364.24)**	**(11,631.21)**
D Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(13,680.69)**	**46,590.19**
E Cash and cash equivalents as at the beginning of the year	**82,544.72**	**35,954.53**
Cash and cash equivalents as at the end of the year	**68,864.03**	**82,544.72**
Components of Cash and Cash Equivalents		
Cash on hand	9,326.44	6,048.29
Balances with scheduled banks		
-On current accounts	44,276.04	41,684.87
-Deposits with original maturity of upto 3 months	15,261.55	34,811.56
Total cash and cash equivalents (note 3)	**68,864.03**	**82,544.72**

The above consolidated cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS)7- Statement of Cash Flows.

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Satpal Singh Arora
Partner
Membership No. 98564

Place : New Delhi
Date : May 28, 2019

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694

Sahil Vachani
(Director)
DIN No:00761695

Sujatha Ratnam
(Chief Financial Officer)

Sandeep Pathak
(Company Secretary)
M.No. - FCS-5351

Place : New Delhi
Date : May 28, 2019

Notes forming part of the consolidated financial statements

1. Corporate information

Max Financial Services Limited ('the Company'/'the Parent') is a public limited Company domiciled in India. The shares of the Company are listed on National Stock Exchange (NSE) and BSE Limited (BSE). The Company is primarily engaged in making business investments in its subsidiary and providing management advisory services to the Company companies.

Max Life Insurance Company Limited ('the Subsidiary Company') was incorporated on July 11, 2000 as a public limited company under the Companies Act, 1956 to undertake and carry on the business of life insurance and annuity. The Subsidiary Company obtained a license from the Insurance Regulatory and Development Authority of India ('IRDAI') for carrying on life insurance business on November 15, 2000. The Subsidiary Company offers a range of participating, non participating and linked products covering life insurance, pension and health benefits including riders for individual and group segments. These products are distributed by individual agents, corporate agents, banks, brokers and other channels.

2. Significant accounting policies

2.01 Basis of preparation

(i) **Statement of compliance**

The consolidated financial statements of the Company and the Subsidiary Company (collectively referred to as the 'Group') have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Beginning April 1, 2018 the Parent Company has for the first time adopted Ind AS with a transition date of April 1, 2017. The Group presents its financial statements to comply with Division III of Schedule III to the Companies Act, 2013 which provides general instructions for the preparation of financial statements of a non-banking financial company (NBFC to comply with Ind AS) and the requirements of Ind AS.

Upto the year ended 31 March, 2018, the Group prepared its consolidated financial statements in accordance with the requirements of Indian GAAP, which included standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Group's first Ind AS consolidated financial statements. The date of transition to Ind AS is 1 April, 2017. Refer note 2.03 for the details of the first-time adoption exemptions availed by the Group.

(ii) **Basis of preparation and presentation**

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to

Notes forming part of the consolidated financial statements

fair value but are not fair value, such as net realisable value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the assets or liability. The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

As permitted by Ind AS 104 Insurance Contracts, the Subsidiary Company continues to apply the existing accounting policies that were applied prior to the adoption of Ind AS, with certain modifications allowed by the standard subsequent to adoption for its insurance contracts and investment contracts with a discretionary participation feature (DPF).

For all periods up to and including the year ended March 31, 2019, the Subsidiary Company prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP) and as amended from time to time and IRDAI regulations to such extent.

These consolidated financial statements are the first financial Statements of the Group under Ind AS. Refer note 45 for an explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position and financial performance.

The financial statements are presented in INR and all values are rounded to the nearest lakhs, except when otherwise indicated.

As per the Insurance Act, 1938, (as amended by Insurance Laws (Amendment) Act, 2015) (the "Insurance Act"):

i. A life insurer is required to carry all receipts due in respect of such business, into a separate fund to be called the life insurance fund. The assets of the life insurance fund are required to be kept distinct and separate from all other assets of the insurer and the deposit made by the insurer in respect of life insurance business is deemed to be part of the assets of such fund. [Section 10(2)].

ii. The life insurance fund is absolutely the security of the life policyholders as though it belonged to an insurer carrying on no other business than life insurance business. The life insurance fund would not be liable for any contracts of the insurer for which it would not have been liable had the business of the insurer been only that of life insurance. Also, the life insurance fund is not to be applied directly or indirectly for any purposes other than those of the life insurance business of the insurer [Section 10(3)].

On account of the above regulatory restrictions on transfer of surplus / funds from the life

Notes forming part of the consolidated financial statements

insurance fund to shareholders, no proportion of the surplus relating to life insurance fund (including in respect of contracts without discretionary participating features) arising out of the adjustments due to application of Ind AS principles can be attributed to shareholders. Under the Previous GAAP fair valuation changes relating to the life insurance fund assets is accumulated within the liability group "Policyholders' Funds" in a line item labelled "Credit / (Debit) Fair Value Change Account" separately from "Policy Liabilities", "Insurance Reserves" and "Provision for Linked Liabilities". Therefore the differences arising from the application of the Ind AS principles to the assets and liabilities of the life insurance fund be retained within the "Life Insurance Policyholders' Fund" liability group as "Fair Valuation Differences of Policyholders' Investments", "Measurement difference of Ind AS 104 Adjustments" and "Measurement difference – Other Adjustments".

Further all assets, liabilities, income and expenses pertaining to the life insurance fund have been grouped under "Assets of life insurance fund", "Liabilities of Life insurance fund", "Income from life insurance operations" and "Expense of the life insurance operations" respectively.

2.02 Principles of Consolidation

The Consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 March, 2019. The Company has one Subsidiary Company in India, Max Life Insurance Company Limited. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

a. Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

b. Exposure, or rights, to variable returns from its involvement with the investee, and

c. The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. The Consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements. The accounting policies of the subsidiary are, in all material respects, in line with accounting policies of the Company.

The financial statements of the Subsidiary Company for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e. year ended on 31 March.

Consolidation procedures:

a. The financial statements of the Company and its subsidiary company are consolidated on line-by-line basis adding together the book value of assets, liabilities, equity, income, expenses and cash flows of the parent with its subsidiary. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recongised in the consolidated financial statements as at the acquisition date.

b. Offset (eliminate) the carrying amount of the

Notes forming part of the consolidated financial statements

parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

c. Eliminate in full, intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recongised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

a. Derecognises the assets (including goodwill) and liabilities of the subsidiary.

b. Derecognises the carrying amount of any non-controlling interests.

c. Derecognises the cumulative translation differences recorded in equity.

d. Recognises the fair value of the consideration received.

e. Recognises the fair value of any investment retained.

f. Recognises any surplus or deficit in profit or loss.

g. Reclassifies the parent's share of components previously recongised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.03 **First-time adoption – mandatory exceptions, optional exemptions**

Overall principle

The Group has prepared the opening balance sheet as per Ind AS as of 01 April, 2017 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Group as detailed below.

Accounting for changes in parent's ownership in a subsidiary that does not result in a loss of control

The Group has accounted for changes in a parent's ownership in a subsidiary that does not result in a loss of control in accordance with Ind AS 110, prospectively from the date of transition.

Impairment of financial assets

The Group has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Group has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there

Notes forming part of the consolidated financial statements

have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

Assessment of embedded derivatives

The Group has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date it first became a party to the contract and the date when there has been a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

Share-based payments

The Group has elected not to apply Ind AS 102 Share-Based Payment, to equity instruments that vested prior to the date of transition to Ind AS.

Deemed cost for property, plant and equipment, and intangible assets

The Group has elected to continue with the carrying value of all of its property, plant and equipment, and intangible assets recognised as of 01 April, 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Determining whether an arrangement contains a lease

The Group has applied Appendix C of Ind AS 17 'Determining whether an Arrangement contains a Lease' to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

Treatment of exchange differences

The exchange differences arising on settlement / restatement of long-term foreign currency monetary items are accounted for in Statement of Profit and Loss.

The Group has availed the exemption and continues the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP, i.e 31 March, 2018.

Fair Value measurement of financial assets and financial liabilities

Under Ind AS 109, if an entity measures a financial instrument on initial recognition based on valuation techniques that only use observable market data or current market transactions in the same instrument, and the fair value at initial recognition is different from the transaction price, then it is required to recognise the 'day one' gain or loss at initial recognition of this financial instrument. Ind AS 101 allows an entity to apply the 'day one' gain or loss recognition requirement of Ind AS 109 prospectively to transactions entered into on or after the date of transition to Ind AS.

The Group has opted for this exemption to recognise the 'day one' gain or loss on initial recognition arising due to difference in transaction cost and fair value prospectively for transactions entered into on or after the date of transition to Ind AS.

Classification of financial assets

Ind AS 109 requires a financial asset to be measured at amortised cost if it meets two tests that deal with the nature of the business that holds the assets and the nature of the cash flows arising on those assets. A first-time adopter must assess whether a financial asset meets the conditions on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Ind AS 101 also contains mandatory exception related to classification of financial asset which states that conditions for classifying financial assets to be tested on the basis of facts and circumstances existing at the date of transition to Ind AS instead of the date on which it becomes party to the contract.

The Group has opted to classify all financial assets

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and liabilities based on facts and circumstances existing on transition date.

Derecognition of financial assets and financial liabilities

As per Ind AS 101 – An entity shall apply the exception to the retrospective application in case of "Derecognition of financial assets and financial liabilities" wherein a first-time adopter shall apply the Derecognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind ASs. For example, if a first time adopter derecognised non-derivative financial assets or non-derivative financial liabilities in accordance with its previous GAAP as a result of a transaction that occurred before the date of transition to Ind ASs, it shall not recognise those assets and liabilities in accordance with Ind ASs (unless they qualify for recognition as a result of a later transaction or event).

The Group has elected to apply the de-recognition provisions of Ind AS prospectively from the date of transition to Ind AS.

Estimates

The estimates at April 01, 2017 and at March 31, 2018 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

a. FVPTL / FVOCI – equity and debt instrument

b. Impairment of financial assets based on expected credit loss model

c. Valuation of Insurance and Investment contract liabilities; and

d. Valuation of Reinsurance Asset

The estimates used by the Group to present these amounts in accordance with Ind AS reflect conditions at April 01, 2017, the date of transition to Ind AS and as of March 31, 2018.

2.04 **Product classification**

Insurance contracts are those contracts when the Group has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. The Group determines whether the contract has significant insurance risk, by comparing benefits payable on death is higher by at least 5% of the fund value at any time during the term of the contract for unit linked products or higher by at least 5% of the premium at any time during the term of the contract for other than unit linked products. Investment contracts are those contracts that transfer significant financial risk and which do not carry significant insurance risk.

Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts are further classified as being either with or without discretionary participation features (DPF). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- Likely to be a significant portion of the total contractual benefits,
- The amount or timing of which is contractually at the discretion of the issuer, and
- That are contractually based on the:
  - performance of a specified pool of contracts or a specified type of contract,

Notes forming part of the consolidated financial statements

- o realised and/or unrealised investment returns on a specified pool of assets held by the issuer, or

- o the profit or loss of the company, fund or other entity that issues the contract.

For financial options and guarantees which are not closely related to the host insurance contract and/or investment contract with DPF, bifurcation is required to measure these embedded financial derivatives separately at fair value through the income statement. However, bifurcation is not required if the embedded derivative is itself an insurance contract and/or investment contract with DPF, or if the host insurance contract and/or investment contract itself is measured at fair value through the income statement. The Group has considered the probable embedded derivatives in the products offered and have calculated the value for embedded derivative separately for reporting under Ind AS 104 as at 31 March 2019.

2.05 Premium Income

The premium income for insurance contract and investment contract with discritionary participation feature (DPF) is recognised as revenue when due from policyholders. For linked business, premium income is recognised when the associated units are created. Premium on lapsed policies is recognised as income when such policies are reinstated. Top-up premiums are recognised as single premium.

For investment contract without DPF, deposit accounting in accordance with Ind AS 104 and Ind AS 109 is followed. Consequently only to the extent of charges and fees collected from such investment contract is accounted as income in statement of profit and loss.

2.06 **Income From Linked Policies**

Income on linked policies including fund management charges, policy administration charges, surrender penalty charges, mortality charges, and other charges, wherever applicable, are recovered from the linked fund and recognised when due in accordance with the terms and conditions mentioned in the policies.

2.07 Reinsurance Premium Ceded

Reinsurance premium ceded is accounted for at the time of recognition of premium income in accordance with the treaty or in-principle arrangement with the reinsurer.

2.08 Income from services

Revenue from shared services contracts are recognised over the period of the contract as and when services are rendered.

2.09 **Acquisition Costs**

Acquisition costs include expenses which are incurred to solicit and underwrite insurance contracts such as commission, medical fee, policy printing expenses, etc. These costs are expensed in the year in which they are incurred for insurance contract and investment contract with DPF. In case of investment contract without DPF, the acquisition costs are deferred as per policy mentioned in Note 2.14. Claw back of the commission paid, if any, is accounted for in the year in which it becomes recoverable.

2.10 **Benefits and Claims**

Gross benefits and claims for life insurance contracts and for investment contracts with DPF include the cost of all claims arising during the period including settlement of claims and policyholder bonuses declared. Death claims and surrenders are recorded on the basis of intimation received. Maturities and annuity payments are recorded when due.

2.11 **Reinsurance Claims**

Reinsurance claims is accounted for in the same period as the related claim and also in accordance with the treaty or in- principle arrangement with the reinsurer.

Notes forming part of the consolidated financial statements

2.12 **Life Insurance Contract Liability (including investment contract liabilities with DPF)**

The actuarial liability for policies in-force as at the valuation date is determined using appropriate methods and assumptions that conform to the regulations issued by the IRDAI and the Actuarial Practice Standards (APS) issued by the Institute of Actuaries of India (IAI). Specifically, the key principles considered for the valuation relate to the IRDA (Assets, Liabilities and Solvency Margin of Life Insurance Business) Regulations, 2016 and the APS 1, APS 2 and APS 7 issued by the IAI.

The liability, valued on a policy by policy basis, is so calculated that together with future premium payments and investment income, the Group is able to meet all future claims (including bonus entitlements to policyholders, if applicable) and expenses, on the basis of actuarial estimates.

A brief description of the methodology used for valuing key categories of products is provided below:

1. The liability for individual non-linked business is valued using gross premium reserving methodology. For participating business, a reference is also made to the asset share of the policies as at the valuation date in order to appropriately allow for policyholders' reasonable expectations. The liability is floored to zero or the surrender value payable under the policies, if any.

2. The liability for individual (and group) unit linked business comprises of a unit reserve. Unit reserve represents the value of units using the net asset value at the valuation date.

3. The liability for group one year renewable term business is calculated using an unearned premium approach where the premium representing the unexpired policy term is held as a liability. For longer term group business, gross premium reserving methodology is used.

4. The liability for riders attached to a non-linked policy is calculated as higher of gross premium reserves and unearned premium reserves.

The liabilities above also allow (either explicitly or implicitly) for any cost of guarantees/options inherent in the products.

The regulations also require the insurers to hold certain additional reserves. The key additional reserves cover the following sources of liability:

1. Additional source of liability for policies which are lapsed as at the valuation date but represent a potential source of future liability if they revive within their revival period (generally termed as lapse revival reserves). The reserves are calculated using an assumption of revival probability, based on Group experience.

2. Additional source of liability for policies which may exercise their option of cancelling the policy within the free look period offered (generally termed as free look cancellation reserves). The reserves are calculated using an assumption of free look cancellation, based on Group experience.

3. Liability against policies for which the insured event has already occurred but the claim has not been reported to the Group (generally termed as Incurred but Not Reported reserves).

2.13 **Valuation of Investment Contract Liabilities without DPF:**

Unitised investment contract fair values are determined by reference to the values of the assets backing the liabilities, which are based on the value of the unit-linked fund.

2.14 **Deferred Acquisition Cost (DAC)/ Deferment Origination Fees (DOF)**

Certain incremental acquisition costs that are directly attributable to securing an investment contract without DPF are deferred and recorded in deferred expenses. These deferred costs are amortised over the period in which the service is provided. The DAC

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has following components:

Initial (1st, 2nd and 3rd year) commission is higher than the remaining year's commission for these products. The differences between these commissions are spread over the whole term of the policy and the commission for unexpired term of the policy as on Balance sheet date is considered.

I. First year distribution allowance is spread over the whole term of the policy and the allowance for the unexpired term of the policy as on Balance sheet date is considered.

DAC are derecognised when the related contracts are either settled or disposed off.

Similar to above calculation the Group has also calculated Deferment Origination Fees (DOF) to be taken as liability.

The DOF for the same products has following component:

Initial (1st, 2nd and 3rd year) allocation charges are higher than the remaining year's allocation charges for these products. The difference between these charges are spread over the whole term of the policy and the charges for the unexpired term of the policy as on Balance sheet date is considered.

DOF are derecognised when the related contracts are either settled or disposed off.

2.15 Reinsurance Asset

The reinsurance credit taken, i.e. difference between gross reserves and net reserves, while calculating statutory reserves is held as reinsurance asset.

The Group cedes insurance risk in the normal course of business for all of its businesses.

2.16 Liability Adequacy Test (LAT)

For liability reporting as at 31 March 2019 under Ind AS 104, the gross liability would be same as gross liability used for statutory reporting. These liabilities as calculated on Gross Premium Valuation basis where the best estimate assumptions were in-line with the experience as at 31 March 2019. On top of it the liabilities were calculating using Margin for Adverse Deviation (MAD) on best estimate assumptions which are equal to or on higher side than prescribed by the regulations/professional guidance hence there is no need to perform Liability Adequacy Test separately as at 31 March 2019.

The Group applies MAD for the following key assumptions in actuarial valuation of liabilities:

I. Mortality/Morbidity/Longevity
II. Lapse/Surrender/Paid-up/Partial-Withdrawal
III. Interest rate
IV. Expenses

2.17 Income from investments

Interest income on investments is recognized on accrual basis. Amortization of discount/ premium relating to the debt securities and money market securities is recognized over the remaining maturity period on an Effective Interest Rate (EIR) method. Dividend income is recognized on ex-date when right to receive payment is established.

The realised profit/loss on debt/money market securities for amortised security is the difference between the net sale consideration and the amortised cost of securities.

Profit or loss on sale/redemption of securities classified as Fair value through other comprehensive income is recognized on trade date basis and includes effects of accumulated fair value changes, previously recognized and credited to other comprehensive income, for investments sold/redeemed during the period.

Profit or loss on sale/redemption of securities classified as Fair value through profit or loss is recognized on trade date basis and includes effects of accumulated fair value changes for investments sold/redeemed during the period.

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2.18 Income earned on loans

Interest income on loans is recognised on an accrual basis are per Effective Interest Rate (EIR). Fees and charges also include policy reinstatement fees and loan processing fees which are recognised on receipt basis.

2.19 Financial Instrument - Investments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

i. Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. Expected Credit Losses (ECL)s are recognised in the statement of profit or loss when the investments are impaired.

ii- Debt instruments at fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is classified as FVTOCI if both of the following criteria are met:

a. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b. The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals in the profit or loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to profit or loss. Interest earned on FVTOCI debt instrument is reported as interest income using the EIR method.

iii. Financial instruments at fair value through profit or loss (FVTPL)

Items at fair value through profit or loss comprise:

a. items held for trading;

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b. debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at fair value through profit or loss is initially recognised at fair value, with transaction costs recognised in the income statement as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the income statement as they arise.

De-recognition of Financial Assets

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity / "Non financial liabilities of the life insurance fund" is recognised in profit and loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial assets.

2.20 Impairment of financial assets:

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a. Financial assets that are debt instruments, and are measured at amortised cost except for government security as no credit exposure is considered for such securities.

b. Financial assets that are debt instruments and are measured as at FVTOCI except for government security as no credit exposure is considered for such securities.

For recognition of impairment loss on financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'Impairment on financial instruments' in the Statement of Profit and Loss.

2.21 Financial liabilities

a. **Gross obligation over written put options issued to the non-controlling interests:**

The Parent Company has issued written put option to non-controlling interests in it's subsidiary in accordance with the terms of underlying shareholders agreement. Should the option be exercised, the Parent Company has to settle such liability by payment of cash.

Initial recognition:

The amount that may become payable under the option on exercise is recognised as a financial liability at its present value with a corresponding charge directly to the shareholders' equity.

Subsequent measurement:

In the absence of any mandatorily applicable accounting guidance, the Group has elected an accounting policy to recognise changes on subsequent measurement of the liability in shareholders' equity.

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b. **Other financial liabilities**

Initial recognition and measurement

The Group's financial liabilities include investment contracts without DPF and trade and other payables. Financial liabilities are classified at initial recognition, as financial liabilities at FVTPL or payables. All financial liabilities are recognised initially at fair value.

Subsequent measurement - Financial liabilities at FVTPL

Financial liabilities at FVTPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Subsequent measurement - Trade and other payables

After initial recognition, trade and other payables are subsequently measured at amortised cost. Gains and losses are recognised in profit or loss when the liabilities are derecognized.

De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.22 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.23 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets, liabilities and equity items for which fair value is measured in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

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Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are measured at fair value in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.24 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement includes cash in hand, bank balances, deposits with banks, other short-term highly liquid investments with original maturities of upto three months and which are subject to insignificant risk of change in value.

2.25 Cash flow statement

Cash flows are reported using indirect method, whereby Profit/(loss) after tax reported under Statement of Profit and loss is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on available information.

2.26 **Segment information**

The Group determines reportable segment based on information reported to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of segmental performance. The CODM evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments.

The Group allocates geographical revenue on the basis of location of the customers and non-current assets on the basis of the location of the assets.

2.27 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of exceptional items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of exceptional items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for employee share options and bonus shares, if any, as appropriate.

2.28 Leases

Group as a lessee

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

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Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation.

Group as a lessor

Leases where the Group does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income arising from operating leases is recognized based on contractual terms in the statement of profit or loss. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

2.29 Property, plant and equipment and Intangible assets:

The Group has elected to consider values of Property, plant and equipment and Intangible assets as deemed cost as of the Previous GAAP. Accordingly, the Group has not revalued the Property, plant and equipment and Intangible assets at April 01, 2017 again. The Group consider the fair value as deemed cost at the transition date, viz., April 01, 2017.

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Assets individually costing upto rupees five thousand and not as part of a composite contract are fully depreciated in the month of acquisition. Fixed assets at third party locations and not under direct physical control of the Group are fully depreciated over twelve months from the month of purchase.

Gains or losses arising from de-recognition of fixed assets and intangibles are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the profit or loss when the asset is derecognized.

Depreciation on Property, plant and equipment has been provided on the straight line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 in respect of the following categories of assets

Depreciation on Property, plant and equipment, in respect of the following categories of assets, has been provided on the straight-line method as per the useful life of the assets which has been assessed taking into account the nature of the asset, the estimated usage of the assets the operating conditions of the asset, past history of replacement, etc.:

Leasehold land is amortised over the renewable period of respective leases subject to a maximum of 10 years.

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in statement of profit or loss in the year in which the expenditure is incurred.

Intangible assets are amortised over their estimated useful life on straight line method as follows:

Assets	Estimated useful life
Software (excluding Policy Administration System and Satellite systems	4 years
Policy Administration Systerm and Satellite Systems	6 years

The residual values, useful lives and methods of depreciation of property, plant and equipment and intangibles are reviewed at each financial year end

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and adjusted prospectively, if appropriate.

Impairment of Assets

The management assesses as at balance sheet date, using external and internal sources, whether there is an indication that an asset may be impaired. Impairment loss occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to a maximum of depreciable historical cost. Such reversal is reflected in the statement of profit and loss.

2.30 Retirement and other employee benefits:

a. **Short Term Employee Benefits**

All employees' benefits payable within twelve months including salaries & bonuses, short term compensated absences and other benefits like insurance for employees are accounted on undiscounted basis during the accounting period in which the related services are rendered.

b. **Post-Employment Benefits**

Defined contribution plans

The Group's contributions towards Provident Fund, a defined contribution plan, which is administered through a trust, is at the rate as notified and charged to the profit or loss account.

Defined benefit plans

The Group's contributions towards Provident Fund, a defined benefit plan, which is administered through a trust, is at the rate as notified and charged to the profit and loss account.

The Group's liability towards Gratuity, Long Term Incentive Plan and Compensated Absences being defined benefit plans, is accounted for on the basis of independent actuarial valuations carried out as per 'Projected Unit Credit Method' at the balance sheet date. Actuarial gains / losses related thereof are recognized in the other comprehensive income (OCI).

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

c. **Other Long Term Employee Benefits**

Other long term employee benefits includes accumulated long term compensated absences and long term incentive plans. Accumulated long term compensated absences are entitled to be carried forward for future encashment or availment, at the option of the employee subject to Group's policies. Accumulated long term compensated absences are accounted for based on actuarial valuation determined using the projected unit credit method. Long term incentive plans are subject to fulfillment of criteria prescribed by the Group and is accounted for on the basis of independent actuarial valuations at the balance sheet date.

2.31 Share-based payment arrangements

The Parent Company has constituted an Employee Stock Option Plan - 2003 for equity settled share based payment transactions. Employee Stock Options granted on or after 1 April, 2005 are

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measured at the fair value of the equity instruments at the grant date. The Scheme provides for grant of options to employees (including directors) to acquire equity shares of the Parent Company that vest in a graded manner and that are to be exercised within a specified period.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Parent Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Parent Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

The Group had constituted a Phantom Stock option plan in 2016, to be settled in cash. The Group is required to make provisions for estimated cash requirement for settlement on the basis of Fair Market Value of equity shares of the Parent Company, Max India Limited and Max Ventures and Industries Limited as at end of each financial period/year till the estimated life of phantom stocks. As and when any cash payment is made on account of settlement of phantom stock, the provision is accordingly adjusted.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

2.32 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

The Group does not recognize a contingent liability but discloses its existence in the financial statements. Contingent liability is disclosed in the case of:

a. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation

b. A present obligation arising from past events, when no reliable estimate is possible

c. A possible obligation arising from past events, unless the probability of outflow of resources is remote

Contingent liabilities are reviewed at each balance sheet date.

Contingent assets are not recognised. A contingent asset is disclosed, as required by Ind AS 37, where an inflow of economic benefits is probable.

2.33 Real Estate-Investment Property

The investment property is measured at historical cost. The Group assess at each balance sheet date whether any impairment of the investment property has occurred. Any impairment loss is recognised in the Statement of Profit and Loss.

Notes forming part of the consolidated financial statements

Investment property is amortised over their estimated useful life on straight line method as follows:

Assets	Estimated useful life
Buildings	60 years

2.34 Valuation of Derivative Instrument

Interest rate swaps are contractual agreements between two parties to exchange fixed rate and floating rate interest by means of periodic payments, calculated on a specified notional amount and defined interest rates. Interest payments are netted against each other, with the difference between the fixed and floating rate payments paid by one party.

For cash flow hedges, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect Profit or loss.

Carrying amount to be determined as present value of fixed rate minus floating rate interest on the notional. The discounting rates will be obtained through Bloomberg, Reuters or any other published source.

Hedge effectiveness testing is a ratio of change in fair value of hedged item and the hedging instrument.

Changes in the fair value of the contracts that are designated and effective as hedges of future cash flows are recognised in other comprehensive income and the ineffective portion is recognised in the Statement of Profit and Loss.

As per the risk management policy of the Group, ratio between 0.8-1.25 represents the hedge to be effective. Offset ratio <0.8 or >1.25 represents the hedge to be ineffective and the entire MTM amount is charged to profit & loss account.

2.35 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Direct Taxes

Income Tax expense comprises of current tax and deferred tax charge or credit, as applicable. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of Section 44 of the Income Tax Act, 1961 read with Rules contained in the First Schedule and other relevant provisions of the Income Tax Act, 1961 as applicable to a company carrying on life insurance business.

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognised as income tax benefits or expenses in the income statement except for tax related to the fair value re-measurement of financial assets classified as FVOCI and the net movement on cash flow hedges, which are charged or credited to OCI. These exceptions are subsequently reclassified from OCI to the income statement together with the respective deferred loss or gain. The Group only off-sets its deferred tax assets against liabilities when there is both a legal enforceable right to offset and it is the Group's intention to settle on a net basis.

Notes forming part of the consolidated financial statements

Indirect Taxes

The Group claims credit of Service Tax/Goods and Service Tax (GST) on input goods and services, which is set off against tax on output services/goods. As a matter of prudence, unutilized credits towards Goods and Service Tax/Service Tax on input services/goods are carried forward under Advances & Other Assets wherever there is reasonable certainty of utilization.

2.36 **Loans**

Loans against policies are valued at amortised cost i.e. aggregate of book values (net of repayments) plus capitalized interest, subject to provision for impairment, if any.

2.37 **Foreign exchange transactions**

At the time of Initial recognition, foreign currency transactions are recorded in Indian Rupees at the rate of exchange prevailing on the date of the transaction. Exchange gain & losses are recognised in the period in which they arise in the Profit & Loss Account.

2.38 **Significant Accounting Judgment and Estimates**

The preparation of the financial statements is in conformity with the Ind AS that requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the year. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances upto and as of the date of the financial statements. Actual results could differ from the estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

In the process of applying the accounting policies, management has made the following judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a. **Business model assessment**

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets

b. **Fair value of financial instruments**

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to

Notes forming part of the consolidated financial statements

these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility

c. **Effective** Interest **Rate (EIR) method**

The Group's EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments.

d. **Provisions and other contingent liabilities**

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Group's business.

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the outflow of resources embodying economic benefits is not probable and the amount of obligation cannot be measured with sufficient reliability a contingent liability is disclosed. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

e. **Subsequent measurement of gross obligations over written put options issued to the non-controlling interests**

The Parent Company has issued written put options to the non-controlling interests of it's subsidiary in accordance with the terms of underlying shareholders agreement. In respect of accounting for subsequent measurement of gross obligation on such written put options issued by the Parent Company, the Group has elected an accounting policy choice to recognize changes on subsequent measurement of the liability in shareholders' equity, in the absence of any mandatorily applicable accounting guidance under Ind AS.

2.39 New standards/amendments that are not yet effective and have not been early adopted:

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019 has notified the following new and amendments to Ind ASs which the Group has not early adopted.

Ind AS 116, Leases:

On March 30, 2019, MCA has notified Ind AS 116, Leases which will replace the existing leases standard, Ind AS 17 Leases, and related interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosures of leases for both lessors and lessees. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. The standard also contains enhanced disclosure requirements for leases. It substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual

Notes forming part of the consolidated financial statements

reporting periods beginning on or after April 1, 2019. The Group proposes to use the simpler Approach for transitioning to Ind AS 116 and take the cumulative adjustment to retained earnings, on the date of initial application, i.e., April 1, 2019. Accordingly, the comparatives of the year ended March 31, 2019 will not be restated. On transition, the Group will be using certain practical expedients that are available.

Currently, the operating lease expenses are charged to the Statement of Profit and Loss.

The Group is in the process of evaluating the impact of this on its financial statements.

Ind AS 12, Income Taxes:

On March 30, 2019, MCA issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2019. The Group is in the process of evaluating the impact of this on its financial statements.

On March 30, 2019, MCA has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while determining the taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The Group proposes to adjust the cumulative effect of application of Appendix C in equity on the date of initial application i.e., April 1, 2019 without adjusting comparatives.

The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2019. The Group is in the process of evaluating the impact of this on its financial statements.

Ind AS 19, Employee Benefits

On March 30, 2019, MCA has issued amendments to Ind AS 19, Employee Benefits, in connection with accounting for plan amendments, curtailments and settlements.

This amendment requires an entity to:

(i) use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

(ii) recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Group is in the process of evaluating the impact of this on its financial statements.

Notes forming part of the consolidated financial statements

3. Cash and cash equivalents

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Cash on hand	0.81	1.29	0.38
Balances with banks			
- Current accounts	35,311.45	34,596.90	11,216.72
- Deposits with original maturity of less than three months	15,261.55	26,410.32	503.24
Total	**50,573.81**	**61,008.51**	**11,720.34**

*Above does not include cash and cash equivalents pertaining to life insurance fund and disclosed in 9A.

4. Bank balances other than cash and cash equivalents

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
In earmarked accounts			
- Unpaid dividend accounts (see note 16)	256.02	246.84	249.93
- Balances held as margin money against guarantee*	11.20	7.58	7.58
Total	**267.22**	**254.42**	**257.51**

* Balances with banks include deposits with remaining maturity of more than 12 months from the balance sheet date

5. Trade Receivables

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Unsecured, considered good (see note below)	550.30	281.04	527.68
Total	**550.30**	**281.04**	**527.68**

*Above does not include trade receivables pertaining to life insurance fund and disclosed in 9C.

Note: Trade receivables are related to the amounts recoverable from group companies. The management based on confirmations from the group companies believes that no expected credit allowance is required to be recognised on those trade receivables.

6. Loans (carried at amorised cost)

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Loans to employees - unsecured, cosidered good	7.37	82.55	92.28
Total	**7.37**	**82.55**	**92.28**

*Above does not include loans pertaining to life insurance fund and disclosed in 9D.

Notes forming part of the consolidated financial statements

7. Investments

(Rs. in lakhs)

Particulars	As at 31.03.2019				As at 31.03.2018				As at 01.04.2017			
	Amortised cost	At Fair Value		Total	Amortised cost	At Fair Value		Total	Amortised cost	At Fair Value		Total
		Through Other Comprehensive Income	Through profit or loss			Through Other Comprehensive Income	Through profit or loss			Through Other Comprehensive Income	Through profit or loss	
Debt Securities:												
Government securities	29,855.48	14,528.25	-	44,383.73	29,827.28	11,921.61	-	41,748.89	29,896.73	78,682.51	-	108,579.24
Debt securities	122,116.31	92,121.24	-	214,237.55	122,049.83	55,097.94	-	177,147.77	18,178.06	112,215.84	-	130,393.90
Fixed Deposits	-	2,938.30	-	2,938.30	-	3,076.01	-	3,076.01	-	809.90	-	809.90
Reverse Repo	0.05	182.63	-	182.68	-	1,824.47	-	1,824.47	-	1,725.49	-	1,725.49
Equity instruments	-	-	13,207.15	13,207.15	-	-	11,697.08	11,697.08	-	-	10,288.55	10,288.55
Mutual Funds	-	-	74,862.85	74,862.85	-	-	71,431.31	71,431.31	-	-	82,741.34	82,741.34
Total	**151,971.84**	**109,770.42**	**88,070.00**	**349,812.26**	**151,877.11**	**71,920.03**	**83,128.39**	**306,925.53**	**48,074.79**	**193,433.74**	**93,029.89**	**334,538.42**
Less: Allowance for impairment	(531.96)	-	-	(531.96)	(31.79)	-	-	(31.79)	(0.47)	-	-	(0.47)
Total	**151,439.88**	**109,770.42**	**88,070.00**	**349,280.30**	**151,845.32**	**71,920.03**	**83,128.39**	**306,893.74**	**48,074.32**	**193,433.74**	**93,029.89**	**334,537.95**
Overseas Investments	-	-	-	-	-	-	-	-	-	-	-	-
Investments in India	151,971.84	109,770.42	88,070.00	349,812.26	151,877.11	71,920.03	83,128.39	306,925.53	48,074.79	193,433.74	93,029.89	334,538.42
Sub total	**151,971.84**	**109,770.42**	**88,070.00**	**349,812.26**	**151,877.11**	**71,920.03**	**83,128.39**	**306,925.53**	**48,074.79**	**193,433.74**	**93,029.89**	**334,538.42**
Less: Allowance for impairment	**(531.96)**	**-**	**-**	**(531.96)**	**(31.79)**	**-**	**-**	**(31.79)**	**(0.47)**	**-**	**-**	**(0.47)**
Total	**151,439.88**	**109,770.42**	**88,070.00**	**349,280.30**	**151,845.32**	**71,920.03**	**83,128.39**	**306,893.74**	**48,074.32**	**193,433.74**	**93,029.89**	**334,537.95**

*Above does not include investments pertaining to life insurance fund and disclosed in Note 9E.

Notes forming part of the consolidated financial statements

8. Other financial assets

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Security deposits	31.47	110.86	112.15
Interest accrued on deposits	0.01	2.40	1.80
Interest receivable from erstwhile directors (see note 35)	31.89	-	-
Receivable under sale of property, plant and equipment	3.25	-	-
Income accrued on lease rental	0.30	-	-
Outstanding trades - Investment	16.70	-	-
Other Receivables	47.43	6.47	5.65
Total	**131.05**	**119.73**	**119.60**

*Above does not include other financial assets pertaining to life insurance fund and disclosed in 9F.

9. Financial assets of Life Insurance Policyholders' Fund

(Rs. in lakhs)

Particulars		As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Cash and cash equivalents	**Note 9A**	18,290.22	21,536.21	24,234.19
Derivative financial instruments	**Note 9B**	6,021.01	3.90	51.81
Trade receivables	**Note 9C**	62,886.14	58,843.52	48,571.43
Loans	**Note 9D**	32,650.49	22,325.76	13,331.72
Investments	**Note 9E**	5,975,196.11	4,959,195.01	4,173,876.92
Other financial assets	**Note 9F**	45,551.14	34,695.93	21,355.24
Total		**6,140,595.11**	**5,096,600.33**	**4,281,421.31**

Note 9A. Cash and cash equivalents (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Cash and cash equivalents			
Cash on hand	9,325.63	6,047.00	6,903.55
Balances with banks - Current accounts	8,964.59	7,087.97	17,330.64
Deposits with original maturity of less than three months	-	8,401.24	-
Total	**18,290.22**	**21,536.21**	**24,234.19**

Note 9B. Derivative financial instruments - Assets (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Carried at fair value through profit or loss			
Interest rates swaps (See note 44)	6,021.01	3.90	51.81
Total	**6,021.01**	**3.90**	**51.81**

Note 9C. Trade Receivables (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Unsecured, considered good	62,886.14	58,843.52	48,571.43
Total	**62,886.14**	**58,843.52**	**48,571.43**

Note 9D. Loans (carried at amorised cost) (policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Loans against policies	32,650.49	22,325.76	13,331.72
Total	**32,650.49**	**22,325.76**	**13,331.72**

Notes forming part of the consolidated financial statements

Note 9E: Investments (Policyholders)

Particulars	As at 31.03.2019				As at 31.03.2018				As at 01.04.2017			
	Amortised cost	At Fair Value		Total	Amortised cost	At Fair Value		Total	Amortised cost	At Fair Value		Total
		Through Other Comprehensive Income	Through profit or loss			Through Other Comprehensive Income	Through profit or loss			Through Other Comprehensive Income	Through profit or loss	
Investments of unit linked insurance contracts - Policyholders'												
Debt Securities:												
Government Securities	-	-	489,575.45	489,575.45	-	-	379,732.60	379,732.60	-	-	330,891.80	330,891.80
Debt Securities	-	-	413,991.55	413,991.55	-	-	353,769.65	353,769.65	-	-	253,696.27	253,696.27
Fixed Deposits	-	-	1,999.61	1,999.61	-	-	1,820.45	1,820.45	-	-	1,657.31	1,657.31
Reverse Repo	-	-	9,993.33	9,993.33	-	-	26,715.99	26,715.99	-	-	22,671.80	22,671.80
Shares:												
(a) Equity Instruments	-	-	962,495.77	962,495.77	-	-	850,478.96	850,478.96	-	-	818,454.28	818,454.28
(b) Preference shares	-	-	-	-	-	-	110.47	110.47	-	-	137.36	137.36
Mutual funds	-	-	92,546.82	92,546.82	-	-	89,189.32	89,189.32	-	-	130,677.08	130,677.08
Total gross (A)	**-**	**-**	**1,970,602.53**	**1,970,602.53**	**-**	**-**	**1,701,817.44**	**1,701,817.44**	**-**	**-**	**1,558,185.90**	**1,558,185.90**
Investments of other insurance contracts - Policyholders'												
Debt Securities:												
Government Securities	2,542,431.52	54,429.35	-	2,596,860.87	2,128,856.47	72,759.01	-	2,201,615.48	1,727,279.35	76,563.16	-	1,803,842.51
Debt Securities	782,798.47	109,151.93	2,636.45	894,586.85	522,549.94	151,197.98	4,252.90	678,000.82	327,199.61	141,081.94	4,534.98	472,816.53
Fixed Deposits	-	1,915.84	-	1,915.84	-	4,780.84	-	4,780.84	-	4,372.75	-	4,372.75
Reverse Repo	34,798.90	2,315.90	-	37,114.80	25,158.74	6,333.65	-	31,492.39	24,923.14	5,570.53	-	30,493.67
Shares:												
(a) Equity Instruments	-	-	372,737.12	372,737.12	-	-	244,762.83	244,762.83	-	-	223,000.46	223,000.46
(b) Preference shares	-	-	-	-	-	-	10.37	10.37	-	-	12.90	12.90
Mutual funds	-	-	76,559.94	76,559.94	-	-	80,098.14	80,098.14	-	-	76,641.07	76,641.07
Alternate Investment Fund	-	-	4,752.31	4,752.31	-	-	1,476.78	1,476.78	-	-	751.70	751.70
Additional Tier 1 Bonds	-	-	16,974.82	16,974.82	-	-	11,573.72	11,573.72	-	-	3,759.44	3,759.44
Infrastructure Investment Trusts	-	-	3,109.05	3,109.05	-	-	3,582.99	3,582.99	-	-	-	-
Total gross (B)	**3,360,028.89**	**167,813.02**	**476,769.69**	**4,004,611.60**	**2,676,565.15**	**235,071.48**	**345,757.73**	**3,257,394.36**	**2,079,402.10**	**227,588.38**	**308,700.55**	**2,615,691.03**
Total gross (C=A+B)	**3,360,028.89**	**167,813.02**	**2,447,372.22**	**5,975,214.13**	**2,676,565.15**	**235,071.48**	**2,047,575.17**	**4,959,211.80**	**2,079,402.10**	**227,588.38**	**1,866,886.45**	**4,173,876.93**
Less: Allowance for Impairment loss (D)	(18.02)	-	-	(18.02)	(16.79)	-	-	(16.79)	(0.01)	-	-	(0.01)
Total Net E = (C) - (D)	**3,360,010.87**	**167,813.02**	**2,447,372.22**	**5,975,196.11**	**2,676,548.36**	**235,071.48**	**2,047,575.17**	**4,959,195.01**	**2,079,402.09**	**227,588.38**	**1,866,886.45**	**4,173,876.92**
Overseas Investments												
Investments in India	3,360,028.89	167,813.02	2,447,372.22	5,975,214.13	2,676,565.15	235,071.48	2,047,575.17	4,959,211.80	2,079,402.10	227,588.38	1,866,886.45	4,173,876.93
Total (E)	**3,360,028.89**	**167,813.02**	**2,447,372.22**	**5,975,214.13**	**2,676,565.15**	**235,071.48**	**2,047,575.17**	**4,959,211.80**	**2,079,402.10**	**227,588.38**	**1,866,886.45**	**4,173,876.93**

Notes forming part of the consolidated financial statements

Note 9F. Other financial assets (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Dividend receivables	64.99	33.80	97.52
Due from reinsurers	9,538.46	6,869.46	3,860.82
Security deposit	3,177.87	2,908.01	2,813.87
UL Margin money deposit	1,309.68	824.10	262.65
Outstanding trades - Investment	904.02	6,645.07	-
Derivative margin money investment	5,057.84	2,224.29	-
Others	25,263.41	14,968.03	14,144.24
Total (a)	**45,316.27**	**34,472.76**	**21,179.10**
Other Receivables			
Unsecured, considered good	234.87	223.17	176.14
Unsecured, considered doubtful	699.63	574.68	458.48
Less : Impairment loss allowance on doubtful receivables	(699.63)	(574.68)	(458.48)
Total (b)	**234.87**	**223.17**	**176.14**
Total (a+b)	**45,551.14**	**34,695.93**	**21,355.24**

10. Current tax assets (net)

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Advance tax paid and taxes deducted at source (Net of provision for taxation)	988.48	605.06	520.94
Total	**988.48**	**605.06**	**520.94**

11. Property, plant and equipment

(Rs. in lakhs)

		As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Carrying amounts of :				
a)	Buildings	2,552.71	2,596.76	2,640.81
b)	Office equipment	62.31	57.39	76.78
c)	Computers	16.26	11.01	12.56
d)	Leasehold improvements	35.02	-	-
e)	Furniture and fixtures	189.88	206.30	242.70
f)	Vehicles	180.29	226.27	258.52
		3,036.47	**3,097.73**	**3,231.37**
	Capital Work in progress	-	24.28	-
	Total	**3,036.47**	**3,122.01**	**3,231.37**

Notes forming part of the consolidated financial statements

	Buildings (See note 1 below)	Office equipment	Computers	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Deemed cost							
Balance at 1 April, 2017	**2,640.81**	**76.78**	**12.56**	**-**	**242.70**	**258.52**	**3,231.37**
Additions	-	17.99	4.83	-	-	60.25	83.07
Disposals	-	0.08	-	-	-	40.86	40.94
Balance at 31 March, 2018	**2,640.81**	**94.69**	**17.39**	**-**	**242.70**	**277.91**	**3,273.50**
Additions	-	26.72	11.59	45.99	38.95	-	123.25
Disposals	-	4.24	0.02	-	23.66	4.32	32.24
Balance at 31 March, 2019	**2,640.81**	**117.17**	**28.96**	**45.99**	**257.99**	**273.59**	**3,364.51**
Accumulated depreciation							
Balance at 1 April, 2017	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation expense	44.05	37.32	6.38	-	36.40	55.40	179.55
Elimination on disposals of assets	-	0.02	-	-	-	3.76	3.78
Balance at 31 March, 2018	**44.05**	**37.30**	**6.38**	**-**	**36.40**	**51.64**	**175.77**
Depreciation expenses	44.05	19.84	6.32	10.97	37.74	43.78	162.70
Elimination on disposals of assets	-	2.28	-	-	6.03	2.12	10.43
Balance at 31 March, 2019	**88.10**	**54.86**	**12.70**	**10.97**	**68.11**	**93.30**	**328.04**
Carrying amount							
Balance at 1 April, 2017	2,640.81	76.78	12.56	-	242.70	258.52	3,231.37
Additions	-	17.99	4.83	-	-	60.25	83.07
Disposals	-	0.06	-	-	-	37.10	37.16
Depreciation expense	44.05	37.32	6.38	-	36.40	55.40	179.55
Balance at 31 March, 2018	**2,596.76**	**57.39**	**11.01**	**-**	**206.30**	**226.27**	**3,097.73**
Additions	-	26.72	11.59	45.99	38.95	-	123.25
Disposals	-	1.96	0.02	-	17.63	2.20	21.81
Depreciation expense	44.05	19.84	6.32	10.97	37.74	43.78	162.70
Balance at 31 March, 2019	**2,552.71**	**62.31**	**16.26**	**35.02**	**189.88**	**180.29**	**3,036.47**

*Above does not property, plant and equipment pertaining to life insurance fund and disclosed in Note 14B.

Note 1: Buildings include property owned by the Company, given to an employee on an operating lease. The employee is given a right to exercise on option to purchase the property for an amount equal to the cost of acquisition of the Company. The settlement will be made on transfer of asset, if option is exercised and cannot be concluded at the current date.

Note 2: The company has used deemed cost exemption under Ind AS 101 as on the date of transition to Ind AS. Refer note 2.29

Notes forming part of the consolidated financial statements

12. Other intangible assets

(Rs. in lakhs)

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Carrying amounts of :			
Computer software	8.89	21.44	33.88
	8.89	**21.44**	**33.88**

	Computer Software	Total
Deemed cost		
Balance at 1 April, 2017	**33.88**	**33.88**
Additions	-	-
Disposals	-	**-**
Balance at 31 March, 2018	**33.88**	**33.88**
Additions	-	-
Disposals	-	**-**
Balance at 31 March, 2019	**33.88**	**33.88**
Accumulated depreciation		
Balance at 1 April, 2017	**-**	**-**
Amortisation expense	12.44	**12.44**
Disposals	-	**-**
Balance at 31 March, 2018	**12.44**	**12.44**
Amortisation expense	12.55	**12.55**
Disposals	-	**-**
Balance at 31 March, 2019	**24.99**	**24.99**
Carrying amount		
Balance at 1 April, 2017	33.88	**33.88**
Additions	-	-
Disposals	-	-
Amortisation expense	12.44	**12.44**
Balance at 31 March, 2018	**21.44**	**21.44**
Additions	-	-
Disposals	-	-
Amortisation expense	12.55	**12.55**
Balance at 31 March, 2019	**8.89**	**8.89**

*Above does not intangible assets pertaining to life insurance fund and disclosed in Note 14C.

Notes forming part of the consolidated financial statements

13. Other non-financial assets

(Rs. in lakhs)

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Prepaid expenses	54.20	55.39	69.65
Deposits under protest	23.40	12.00	12.00
Advances recoverable in cash			
Unsecured, considered good	25.60	5.72	22.63
Unsecured, considered Doubtful	303.00	303.00	303.00
Less. Provision for doubtful advances	(303.00)	(303.00)	(303.00)
	25.60	5.72	22.63
Balnaces with government authorities - input tax credit receivable			
Unsecured, considered good	60.96	100.33	260.20
Unsecured, considered doubtful	202.98	-	443.61
Less. Impairment allowance for doubtful balances	(202.98)	-	(443.61)
	60.96	100.33	260.20
Advance tax paid and taxes deducted at source (Net of provision for taxation)	1,501.13	1,472.08	1,486.97
Capital Advance	6,710.00	6,730.00	6,710.00
	8,211.13	8,202.08	8,196.97
Total	**8,375.29**	**8,375.52**	**8,561.45**

*Above does not include other non financial assets pertaining to life insurance fund and disclosed in 14D.

14. Non-financial assets of Life Insurance Policyholders' Fund

(Rs. in lakhs)

Particulars		As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Investment property	**Note 14A**	21,302.54	2,228.95	2,266.93
Property, plant and equipment	**Note 14B**	6,531.81	4,922.54	5,583.60
Capital work in progress	**Note 14B**	547.46	52.70	19.24
Intangible assets	**Note 14C**	10,127.86	8,893.91	10,315.12
Intangible assets under development	**Note 14C**	2,004.70	1,949.15	309.50
Other non- financial assets	**Note 14D**	74,219.81	36,230.48	25,031.54
Total		**114,734.18**	**54,277.73**	**43,525.93**

Notes forming part of the consolidated financial statements

Note 14A : Investment property (Policyholders - See note 46)

(Rs. in lakhs)

	Investment Property	Total
Deemed cost		
As at 01 April, 2017	2,278.79	2,278.79
Additions	-	-
As at 31 March, 2018	**2,278.79**	**2,278.79**
Additions	19,449.42	19,449.42
As at 31 March, 2019	21,728.21	21,728.21
Accumulated Depreciation		
As at 01 April, 2017	11.86	11.86
Depreciation charge for the year	37.98	37.98
As at 31 March, 2018	**49.84**	**49.84**
Depreciation charge for the year	375.83	375.83
As at 31 March, 2019	425.67	425.67
Net block		
As on 01 April, 2017	2,266.93	2,266.93
As at 31 March, 2018	2,228.95	2,228.95
As at 31 March, 2019	**21,302.54**	**21,302.54**

Note 14B: Property, plant & equipment (Policyholders)

(Rs. in lakhs)

Particulars	Leasehold Improvements	Computers	Office equipments	Furniture & Fixtures	Vehicles	Capital Work in progress	Total
Deemed cost							
As at April 01, 2017	1,756.00	1,993.18	1,013.36	677.69	143.37	19.24	5,602.84
Additions	272.47	1,023.84	174.59	50.08	-	33.46	1,554.44
Deletion	0.14	2.85	14.18	24.63	3.67	-	45.47
As at March 31, 2018	**2,028.33**	**3,014.17**	**1,173.77**	**703.14**	**139.70**	**52.70**	**7,111.81**
Additions	1,324.49	1,579.72	766.08	584.22	26.46	494.76	4,775.73
Deletion	45.03	20.27	12.46	17.43	5.69	-	100.88
As at March 31, 2019	**3,307.79**	**4,573.62**	**1,927.39**	**1,269.93**	**160.47**	**547.46**	**11,786.66**
Accumulated Depreciation							
As at April 01, 2017	-	-	-	-	-	-	-
Depreciation charge for the year	359.50	1,209.16	324.15	182.30	61.46	-	2,136.57
Deletions	-	-	-	-	-	-	-
As at March 31, 2018	**359.50**	**1,209.16**	**324.15**	**182.30**	**61.46**		**2,136.57**
Depreciation charge for the year	451.92	1,302.44	461.20	307.03	48.23	-	2,570.82
Deletion	-	-	-	-	-	-	-
As at March 31, 2019	**811.42**	**2,511.60**	**785.35**	**489.33**	**109.69**		**4,707.39**

Notes forming part of the consolidated financial statements

Particulars	Leasehold Improvements	Computers	Office equipments	Furniture & Fixtures	Vehicles	Capital Work in progress	Total
Net block							
As at 01 April, 2017	1,756.00	1,993.18	1,013.36	677.69	143.37	19.24	5,602.84
As at 31 March, 2018	1,668.83	1,805.01	849.62	520.84	78.24	52.70	4,975.24
As at 31 March, 2019	**2,496.37**	**2,062.02**	**1,142.04**	**780.60**	**50.78**	**547.46**	**7,079.27**

Note 14C: Intangible assets (Policyholders)

(Rs. in lakhs)

	Software	Intangible assets under development	Total
Deemed cost			
As at 01 April, 2017	10,315.12	309.50	10,624.62
Additions	2,527.64	1,639.65	4,167.29
Deductions	-	-	-
As at 31 March, 2018	**12,842.76**	**1,949.15**	**14,791.91**
Additions	5,827.81	55.55	5,883.36
Deductions	94.29	-	94.29
As at 31 March, 2019	**18,576.28**	**2,004.70**	**20,580.98**
Accumulated Amortisation			
As at 01 April, 2017	-	-	-
For the year	3,948.85	-	3,948.85
Deletions	-	-	-
As at 31 March, 2018	**3,948.85**	**-**	**3,948.85**
For the year	4,499.57	-	4,499.57
Deletions	-	-	-
As at 31 March, 2019	**8,448.42**	**-**	**8,448.42**
Net block			
As at 01 April, 2017	10,315.12	309.50	10,624.62
As at 31 March, 2018	8,893.91	1,949.15	10,843.06
As at 31 March, 2019	**10,127.86**	**2,004.70**	**12,132.56**

Note 14D: Other non-financial assets (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Prepaid expenses	2,814.28	2,922.35	3,602.99
Stamps in hand	251.46	567.60	316.48
GST/Service tax unutilised credit	5,871.28	3,346.12	3,388.17
Deferred Lease expenses	673.46	741.65	725.80
Deferred acquisition cost	122.51	171.06	238.80
Service Tax Deposits	1,024.84	1,052.90	1,030.20
Income Tax Deposits	4,192.58	4,192.58	1,692.58
Reinsurance assets	49,872.39	12,479.15	10,749.56
Receivable from Unit linked Fund	5,627.51	4,443.93	-
Total (a)	**70,450.31**	**29,917.34**	**21,744.58**

Notes forming part of the consolidated financial statements

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Advance to vendors			
Unsecured, considered good	3,769.50	6,313.14	3,286.96
Unsecured, considered doubtful	330.42	414.20	401.02
Less : Impairment loss allowance	(330.42)	(414.20)	(401.02)
Total (b)	**3,769.50**	**6,313.14**	**3,286.96**
Total	**74,219.81**	**36,230.48**	**25,031.54**

15. Trade payables

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Trade payables - Other than acceptances			
- Total outstanding dues of Micro Enterprises and Small Enterprises (See note 47)	-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	2,752.09	2,923.54	11,168.51
Total	**2,752.09**	**2,923.54**	**11,168.51**

*Above does not include trade payables pertaining to life insurance fund and disclosed in 17B.

16. Other financial liabities

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Security deposit received	3.34	3.91	7.94
Liability on written put options (see note 56)	48,526.11	65,312.23	80,457.29
Payables on purchase of investments	16.82	-	2,191.40
Unclaimed/unpaid dividends (see note 4)	256.02	246.84	249.93
Liability for employee stock appreciation rights	845.27	830.40	378.16
Other payables	108.43	105.69	102.95
Total	**49,755.99**	**66,499.07**	**83,387.67**

*Above does not include other financial liabities pertaining to life insurance fund and disclosed in 17C.

17. Financial liabilities of the Life Insurance Policyholders' Fund

(Rs. in lakhs)

Particulars		As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Derivative financial instruments	**Note 17A**	11.06	2,617.70	858.66
Trade Payables	**Note 17B**	95,165.33	87,663.46	81,517.39
Other financial liabilities	**Note 17C**	82,575.78	50,152.65	46,168.74
Total		**177,752.17**	**140,433.81**	**128,544.79**

Notes forming part of the consolidated financial statements

Note 17A. Derivative financial instruments - Assets (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Carried at fair value through profit or loss			
Interest rates swaps (See note 44)	11.06	2,617.70	858.66
Total	**11.06**	**2,617.70**	**858.66**

Note 17B: Trade payables

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Total outstanding dues of micro enterprises and small enterprises (See note 47)	97.90	33.90	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	95,067.43	87,629.56	81,517.39
Total	**95,165.33**	**87,663.46**	**81,517.39**

Note 17C: Other financial liabilities

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Interest received in advance	-	8.43	106.79
Security deposit received	571.82	62.84	-
Derivative margin money	5,054.02	-	-
Payables on purchase of investments	26,013.37	15,267.77	23,036.58
Claims outstanding	12,186.95	8,782.40	4,713.34
Unclaimed amount of policyholders	2,357.23	3,816.65	4,988.31
Payable to policyholders	30,764.88	17,770.63	11,962.10
Other payables	5,627.51	4,443.93	1,361.62
Total	**82,575.78**	**50,152.65**	**46,168.74**

18. Current tax liabilities (net)

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Provision for income tax	-	96.31	164.82
Total	**-**	**96.31**	**164.82**

19. Provisions

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Provision for employee benefits			
Provision for compensated absences	70.26	139.82	100.20
Provision for gratuity (See note 37)	216.85	346.33	266.33
Total	**287.11**	**486.15**	**366.53**

*Above does not include provisions pertaining to life insurance fund and disclosed in 21A.

Notes forming part of the consolidated financial statements

20. Other non-financial liabilities

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Statutory remittances (Contributions to PF, GST, Service Tax, Withholding Taxes etc.)	623.02	568.28	585.14
Total	**623.02**	**568.28**	**585.14**

*Above does not include other non financial liabilities pertaining to life insurance fund and disclosed in 21B.

21. Non-financial liabilities of Life Insurance Policyholders' Fund

(Rs. in lakhs)

Particulars		As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Contract liabilities for insurance contracts				
Insurance Contract		5,691,335.95	4,707,475.55	3,906,811.02
Investment Contract		109,211.55	119,417.75	129,655.45
		5,800,547.50	**4,826,893.30**	**4,036,466.47**
Ind AS 104 Adjustments (impacting contract liabilities of life insurance)				
Measurement adjustments		(20,744.44)	(14,479.01)	(9,564.62)
Grossing up reinsurance assets		49,872.39	12,479.15	10,749.56
		29,127.95	**(1,999.86)**	**1,184.94**
Fund for future appropriation		224,977.02	186,554.42	155,648.24
Restricted life insurance surplus retained in Policyholders' Fund				
Measurement difference of Ind AS 104 Adjustments		17,862.44	10,056.01	9,493.87
Fair value through profit or loss (FVTPL)		50,826.52	37,230.45	31,405.00
Fair value through other comprehensive income (FVOCI)		10,030.40	2,159.18	7,709.79
Measurement difference - Other Ind AS Adjustments		3,295.12	3,354.41	(739.17)
Provisions	**Note 21A**	5,221.11	3,918.21	2,937.38
Other non-financial liabilities	**Note 21B**	59,054.81	41,261.02	37,020.35
Total		**6,200,942.87**	**5,109,427.14**	**4,281,126.87**

Note 21A: Provisions (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Provision for employee benefits			
Provision for compensated absences	3,198.15	2,795.09	2,305.22
Provision for gratuity (See note 37)	2,022.96	1,123.12	632.16
Total	**5,221.11**	**3,918.21**	**2,937.38**

Notes forming part of the consolidated financial statements

Note 21B: Other non-financial liabilities (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Statutory Dues Payable	13,883.33	12,560.44	3,994.99
Unallocated premium	14,498.02	9,505.70	16,214.75
Other payables	3.71	17.52	32.96
Accrued Legal Claims	1,498.20	1,584.84	1,366.66
Proposal/ Policyholder deposits	27,630.63	15,568.96	13,377.32
Unearned Revenue-Premium received in advance	1,389.59	1,808.27	1,724.12
Deferred operating fee	151.33	215.29	309.55
Total	**59,054.81**	**41,261.02**	**37,020.35**

22. Equity share capital

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Equity share capital	5,387.72	5,367.68	5,345.40
	5,387.72	**5,367.68**	**5,345.40**
Authorised share capital:			
300,000,000 (As at 31 March, 2018 300,000,000; As at 1 April, 2017 300,000,000) equity shares of Rs. 2 each with voting rights	6,000.00	6,000.00	6,000.00
Issued and subscribed capital comprises:			
269,385,779 (As at 31 March, 2018, 268,384,027; As at 1 April, 2017, 267,270,049) equity shares of Rs. 2 each fully paid up with voting rights	5,387.72	5,367.68	5,345.40

Fully paid equity shares:

	Number of shares	Share capital (Rs. in lakhs)
Balance as at 1 April, 2017	267,270,049	5,345.40
Add: Issue of shares	1,113,978	22.28
Balance as at 31 March, 2018	**268,384,027**	**5,367.68**
Add: Issue of shares	1,001,752	20.04
Balance as at 31 March, 2019	**269,385,779**	**5,387.72**

Refer notes (i) to (iv) below

(i) The Company has only one class of equity shares having a par value of Rs. 2 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holder of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes forming part of the consolidated financial statements

(ii) Details of shares held by each shareholder holding more than 5% shares:

Name of Shareholder	As at 31.03.2019		As at 31.03.2018	
	No. of Shares	% Holding	No. of Shares	% Holding
Fully paid equity shares with voting rights:				
- Max Ventures Investment Holdings Private Limited	67,518,275	25.06%	43,372,459	16.16%
- Moneyline Portfolio Investments Limited	18,070,048	6.71%	18,070,048	6.73%
- Reliance Capital Trustee Co Limited	15,429,537	5.73%	18,368,381	6.84%
- Liquid Investment and Trading Company Private Limited	3,675,000	1.36%	23,818,876	8.87%
- Mohair Investment and Trading Company Private Limited	4,690,000	1.74%	13,690,570	5.10%
- ICICI Prudential Value Discovery fund	12,540,097	4.65%	13,759,730	5.13%

Name of Shareholder	As at 01.04.2017	
	No. of Shares	% Holding
Fully paid equity shares with voting rights:		
- Max Ventures Investment Holdings Private Limited	43,372,459	16.23%
- Moneyline Portfolio Investments Limited	26,570,048	9.94%
- Reliance Capital Trustee Co Limited	5,223,731	1.95%
- Liquid Investment and Trading Company Private Limited	23,818,876	8.91%
- Mohair Investment and Trading Company Private Limited	8,086,560	3.03%
- ICICI Prudential Value Discovery fund	4,517,866	1.69%
- Xenok Limited	24,079,700	9.01%

(iii) Shares reserved for issuance

As at 31.03.2019 - 131,015 (As at 31 March, 2018 : 1,132,767; As at 1 April, 2017 : 2,246,745) shares, face value of Rs. 2 each were reserved for issuance towards outstanding employee stock options granted under Employee Stock Option Plan 2003 (ESOP) of the Company. (See note 29.1).

(iv) The Company has issued total 3,158,522 shares (As at 31 March, 2018 : 2,863,738; As at 1 April, 2017 : 2,700,939) during the period of five years immediately preceding the reporting date on exercise of options granted under the ESOP plan wherein part consideration was received in the form of employee services.

23. Other Equity

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Capital redemption reserve	2,587.84	2,587.84	2,587.84
Securities premium	41,870.90	37,280.67	32,265.01
Share options outstanding account	251.72	1,723.28	2,346.83
General Reserve	15,358.07	15,358.07	15,358.07
Surplus in the statement of profit and loss	139,189.25	118,467.87	93,370.31
FVTOCI Reserve	1,257.94	1,142.07	2,386.55
Total	**200,515.72**	**176,559.80**	**148,314.61**

Notes forming part of the consolidated financial statements

(Rs. in lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Capital redemption reserve		
Opening balance	2,587.84	2,587.84
Add: addition during the year	-	-
Closing Balance	**2,587.84**	**2,587.84**
Securities premium		
Opening balance	37,280.67	32,265.01
Add: premium on issue of shares during the year	4,590.23	5,015.66
Closing Balance	**41,870.90**	**37,280.67**
Share options outstanding account		
Opening balance	1,723.28	2,346.83
Add : ESOP compensation expense	719.98	1,651.05
Less : Transferred to securities premium account on excercise	(2,191.54)	(2,274.60)
Closing Balance	**251.72**	**1,723.28**
General Reserve		
Opening balance	15,358.07	15,358.07
Increase/(decrease) during the year	-	-
Closing Balance	**15,358.07**	**15,358.07**
Surplus in the statement of profit and loss		
Opening balance	118,467.87	93,370.31
Add: Profit / (loss) for the year	26,256.07	28,639.24
Add : Other comprehensive income	(29.67)	(22.71)
Dividend Distribution Tax	(8,114.25)	(4,970.33)
Change in fair value of gross obligations over written put options issued to the non-controlling interests (See note 56)	249.44	(187.76)
Gain/(loss) on stake change in subsidiary without loss of control	2,359.79	1,639.12
Closing Balance	**139,189.25**	**118,467.87**
FVTOCI Reserve		
Opening balance	1,142.07	2,386.55
Other comprehensive income	115.87	(1,244.48)
Closing Balance	**1,257.94**	**1,142.07**
Total	**200,515.72**	**176,559.80**

Notes forming part of the consolidated financial statements

24. Income taxes

A Income tax recognised in Statement of Profit and Loss

(Rs. in lakhs)

	Particulars	Year ended 31.03.2019	Year ended 31.03.2018
(a)	**Current tax**		
	In respect of current year	6,622.07	8,754.54
		6,622.07	8,754.54
(b)	**Deferred tax**		
	In respect of current year	(185.30)	63.88
		(185.30)	63.88
	Total tax expense charged/(credited) in Statement of Profit and Loss	**6,436.77**	**8,818.42**
(c)	**The income tax expense for the year can be reconciled to the accounting profit as follows:**		
	Profit/(Loss) before tax	41,647.21	44,184.02
	Applicable tax rate	34.94%	34.61%
	Income tax expense calculated	14,553.20	15,291.21
	Effect of income that is exempt from taxation	(2,106.00)	-
	Pension profits [u/s 10(23AAB)]	(337.00)	(125.00)
	Income taxed at different rates	(5,673.43)	(6,347.79)
	Total tax expense charged/(credited) in Statement of Profit and Loss	**6,436.77**	**8,818.42**

B Movement in deferred tax

(i) Movement of deferred tax for the year ended 31 March, 2019

(Rs. in lakhs)

Particulars	Year ended 31.03.2019				
	Opening balance as on 1 April, 2018	Recognised in profit or loss	Recognised in OCI	Recognised in Other equity	Closing balance as on 31 March, 2019
Tax effect of items constituting deferred tax liabilities					
Property, plant and equipment and other intangible assets	(125.11)	-	-	-	(125.11)
Fair value of Financial Instruments measured at FVTPL	(144.14)	141.75	-	-	(2.39)
Fair value of Financial Instruments measured at FVOCI	(105.53)	-	(28.33)	-	(133.86)
ECL on Investments measured at FVOCI	(0.22)	-	(0.25)	-	(0.47)
Deferred tax on undistributed earnings	(3,352.54)	-	-	(2,253.44)	(5,605.98)
	(3,727.54)	**141.75**	**(28.58)**	**(2,253.44)**	**(5,867.81)**
Tax effect of items constituting deferred tax assets					
Carry forward business loss to be adjusted in future years	125.11	-	-	-	125.11
Fair value change related to Employee Phantom Stock Plan expenses	43.56	(39.89)	-	-	3.67

Notes forming part of the consolidated financial statements

Particulars	Year ended 31.03.2019				
	Opening balance as on 1 April, 2018	Recognised in profit or loss	Recognised in OCI	Recognised in Other equity	Closing balance as on 31 March, 2019
ECL on Investments measured at amortised cost	4.80	0.32	-	-	5.12
Fair value of Financial Instruments measured at FVTPL	-	83.12	-	-	83.12
	173.47	**43.55**	**-**	**-**	**217.02**
Deferred tax liabilities (net)	**(3,554.07)**	**185.30**	**(28.58)**	**(2,253.44)**	**(5,650.79)**

(ii) Movement of deferred tax for the year ended 31 March, 2018

(Rs. in lakhs)

Particulars	Year ended 31.03.2018				
	Opening balance as on 1 April, 2017	Recognised in profit or loss	Recognised in OCI	Recognised in Other equity	Closing balance as on 31 March, 2018
Tax effect of items constituting deferred tax liabilities					
Property, plant and equipment and other intangible assets	(108.87)	(16.24)	-	-	(125.11)
Fair value of Financial Instruments measured at FVTPL	(56.72)	(87.42)	-	-	(144.14)
Fair value of Financial Instruments measured at FVOCI	(402.00)	-	296.47	-	(105.53)
ECL on Investments measured at FVOCI	(0.13)	-	(0.09)	-	(0.22)
Deferred tax on undistributed earnings	(2,500.00)	-	-	(852.54)	(3,352.54)
	(3,067.72)	**(103.66)**	**296.38**	**(852.54)**	**(3,727.54)**
Tax effect of items constituting deferred tax assets					
Carry forward business loss to be adjusted in future years	108.87	16.24	-	-	125.11
Fair value change related to Employee Phantom Stock Plan expenses	24.62	18.94	-	-	43.56
ECL on Investments measured at amortised cost	0.20	4.60	-	-	4.80
	133.69	**39.78**	**-**	**-**	**173.47**
Deferred tax liabilities (net)	**(2,934.03)**	**(63.88)**	**296.38**	**(852.54)**	**(3,554.07)**

Notes forming part of the consolidated financial statements

25. Interest income

(Rs. in lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Interest income from investments		
On financial assets measured at fair value through OCI	4,675.49	9,278.50
On financial assets measured at Amortised cost	11,561.62	7,728.93
Total	**16,237.11**	**17,007.43**

26. Dividend income

(Rs. in lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Dividend from Indian Company	203.79	173.48
Total	**203.79**	**173.48**

27. Net gain on fair value changes

(Rs. in lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
(A) Net gain on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
Investments	4,067.18	3,099.36
Others	832.13	861.48
(B) Realised gain on debt instruments classified at fair value through OCI	227.86	2,124.32
Total Net gain on fair value changes (C)	**5,127.17**	**6,085.16**
Fair Value changes:		
Realised	6,662.81	8,813.21
Unrealised	(1,535.64)	607.36
Total Net gain on fair value changes(D) to tally with (C)	**5,127.17**	**9,420.57**

*Above does not include Net gain/ (loss) on fair value changes pertaining to life insurance fund and disclosed in Note 28C.

28. Policyholders' Income from Life Insurance operations

(Rs. in lakhs)

Particulars		Year ended 31.03.2019	Year ended 31.03.2018
Premium Income (Net)	**Note 28A**	1,435,285.69	1,229,777.41
Interest Income	**Note 28B**	312,853.69	253,083.62
Dividend Income		15,849.81	14,998.48
Rental Income		1,216.09	218.73
Net gain on fair value changes – Policyholders' Investments	**Note 28C**	174,271.27	115,629.68
Other income	**Note 28D**	1,084.36	1,641.23
Sub-Total		**1,940,560.91**	**1,615,349.15**
Less: Restricted life insurance surplus retained in Policyholders' Fund		13,592.29	6,014.43
Total		**1,926,968.62**	**1,609,334.72**

Notes forming part of the consolidated financial statements

Note 28A: Premium Income (Policyholders)

(Rs. in lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Life Insurance Premium		
First year premium	386,379.36	317,941.74
Renewal premium	935,873.95	115,708.01
Single premium	128,717.46	808,262.06
Gross Premium from Direct Business	**1,450,970.77**	**1,241,911.81**
Less: Reinsurance Accepted	15,685.08	12,134.40
Total Gross Premium (A)	**1,435,285.69**	**1,229,777.41**

Note 28B: Interest Income (Policyholders)

(Rs. in lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Interest income from investments		
On financial assets measured at fair value through OCI	16,439.38	17,526.25
Interest income on securities classified at fair value through profit and loss	60,416.51	48,762.04
On financial assets measured at Amortised cost	235,997.80	186,795.33
Total	**312,853.69**	**253,083.62**

Note 28C: Net gain / (loss) on fair value changes (Policyholders)

(Rs. in lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
(A) Net gain / (loss) on financial instruments at fair value through profit or loss		
(i) On trading portfolio - Investments	176,802.95	115,630.14
(ii) Realised gain/(loss) on debt instruments classified at fair value through OCI	(333.76)	-
(iii) Realised gain/(loss) on debt instruments classified at amortised cost	(2,199.26)	-
(B) Embedded derivative liability	1.34	(0.46)
Total Net gain/(loss) on fair value changes (C)	**174,271.27**	**115,629.68**

Note 28D: Other income

(Rs. in lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Net profit on sale/disposal of property, plant and equipment	1.96	34.08
Policy reinstatement charges	471.87	766.69
Fee Income from Asset Management	540.65	692.15
Other Income	69.88	148.31
Total	**1,084.36**	**1,641.23**

Notes forming part of the consolidated financial statements

29. Other income

(Rs. in lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Interest on Security deposits	1.32	-
Interest on loan to employees	0.72	6.65
Liabilities / provisions no longer required written back	1.26	1.19
Interest on income tax refund	33.06	21.75
Interest recovery from erstwhile directors (See note 35)	31.89	-
Net gain on foreign currency transactions and translation	4.30	-
Rental income	42.30	42.00
Scrap Sale	24.80	12.28
Other income	221.81	42.09
Total	**361.46**	**125.96**

30. Finance Costs

(Rs. in lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Underwriting fee (See note 55)	2,724.62	-
Bank charges	5.23	10.72
Total	**2,729.85**	**10.72**

*Above does not include finance costs pertaining to life insurance fund and disclosed in Note 33F.

31. Employee benefit expenses

(Rs. in lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Salaries, wages and bonus (see note below)	5,749.78	2,802.33
Contribution to provident and other funds (see note 37)	98.50	151.10
Expense on employee stock option scheme (see note 39)	2,569.19	720.22
Staff welfare expenses	19.25	43.54
Total	**8,436.72**	**3,717.19**

*Above does not include employee benefit expenses pertaining to life insurance fund and disclosed in Note 33B.

Note 1: Salaries and wages for the year ended March 31, 2019 includes severance pay aggregating to Rs. 2,575.00 lakhs paid to an employee.

32. Depreciation and amortisation expense

(Rs. in lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Depreciation on tangible assets (see note 11)	162.70	179.55
Amortisation of intangible assets (see note 11)	12.55	12.44
Total	**175.25**	**191.99**

*Above does not include depreciation and amortisation expense pertaining to life insurance fund.

Notes forming part of the consolidated financial statements

33. Policyholders' Expense from Life Insurance operations

(Rs. in lakhs)

Particulars		Year ended 31.03.2019	Year ended 31.03.2018
Commission to selling agents	**Note 33A**	98,932.74	89,355.27
Employee benefits expenses	**Note 33B**	81,976.35	75,700.45
Operating expenses	**Note 33C**	113,231.53	88,957.34
Benefits payout (net)	**Note 33D**	545,228.34	468,666.52
Net change in insurance contract liabilities	**Note 33E**	995,616.16	826,615.77
Net change in investment contract liabilities		30,685.63	8,231.28
Finance cost	**Note 33F**	1,176.73	1,092.02
Impairment loss (including reversals)	**Note 33G**	2.65	17.85
Depreciation & amortisation expenses		7,446.22	6,123.38
Bad debts written off		133.77	61.88
Allowance for doubtful debts		41.17	129.38
Sub-Total		**1,874,471.29**	**1,564,951.14**
Restricted life insurance surplus retained in Policyholders' Fund		(8,185.89)	(4,412.45)
Total		**1,882,657.18**	**1,569,363.59**

Note 33A: Commission to selling agents

(Rs. in lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Commission on Life Insurance		
First year premium	72,281.48	64,327.66
Renewal premium	25,084.67	24,887.19
Single premium	1,566.59	140.42
Total	**98,932.74**	**89,355.27**

Note 33B: Employee Benefits Expenses

(Rs. in lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Salaries and wages including bonus	77,676.37	70,938.06
Contribution to provident and other funds (see note 37)	2,836.37	2,614.33
Share based payments to employees	(1,837.86)	215.03
Staff welfare expenses	3,301.47	1,933.03
Total	**81,976.35**	**75,700.45**

Note 33C: Other Expenses

(Rs. in lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Travel & conveyance	5,874.98	5,529.63
Training expenses (including Agent advisors)	16,573.68	11,168.98
Rent (Refer Note 40)	7,721.14	6,997.32
Repairs & maintenance	3,513.29	2,756.91
Printing and stationery	877.59	770.21

Notes forming part of the consolidated financial statements

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Communication expenses	7,314.65	4,287.24
Legal and professional charges	2,962.32	2,054.96
Medical expenses	2,663.31	2,424.99
Auditor's fees for :		
Audit of the financial statements	90.30	86.00
Taxation matters	3.30	3.50
Other services	29.10	20.50
Reimbursement of expenses	13.61	12.13
Advertisement and publicity	27,036.57	21,427.17
Rates & taxes (excluding taxes on income)	531.27	1,002.28
GST/ Service tax on linked charges	13,320.72	12,470.14
Information technology maintenance expenses	5,427.74	4,285.60
Board Meetings expenses	130.31	156.62
Recruitment (including Agent advisors)	2,386.27	1,599.06
Energy cost	2,987.23	2,644.60
Insurance	405.43	631.47
Policy issuance and servicing costs	11,319.09	7,252.14
Net foreign exchange loss	2.18	9.55
Acquisition cost for financial instruments classified/designated at FVTPL	1,578.09	669.87
Others miscellaneous expenses	469.36	696.47
Total	**113,231.53**	**88,957.34**

Note 33D: Benefits payout

(Rs. in lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Life insurance contracts benefits		
Death	64,543.63	52,173.42
Maturity	122,157.99	97,300.04
Annuities/Pensions	731.86	679.11
Other benefits		
Surrenders	255,295.94	232,769.34
Health	475.65	443.08
Survival benefit	10,620.11	5,445.90
Bonus to policyholders	101,873.21	87,611.09
Other benefits	2,152.67	1,960.07
Interim bonus paid	135.93	103.09
Total benefits paid	**557,986.99**	**478,485.14**
Less: Reinsurance Recovery	12,758.65	9,818.62
Total	**545,228.34**	**468,666.52**

Notes forming part of the consolidated financial statements

Note 33E : Net change in insurance contract liabilities

(Rs. in lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Net change in insurance contract liabilities	957,193.56	795,709.59
Transfer to/from Fund for future appropriations-participating policies	38,422.60	30,906.18
Total	**995,616.16**	**826,615.77**

Note 33F : Finance cost

(Rs. in lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Bank charges	1,176.73	1,092.02
Total	**1,176.73**	**1,092.02**

Note 33G : Impairment loss (including reversals) (Policyholders)

(Rs. in lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Impairment on financial assets	2.65	17.85
Total	**2.65**	**17.85**

34. Other expenses

(Rs. in lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Recruitment and training expenses	2.01	1.18
Rent including lease rentals (Refer note 40)	406.68	378.22
Insurance	40.86	42.84
Rates and taxes	30.55	3.08
Repairs and maintenance - others	359.98	374.80
Power and fuel	37.01	44.86
Printing and stationery	21.42	20.17
Travelling and conveyance	308.79	321.55
Communication	44.30	42.40
Director's sitting fees	121.99	81.99
Commission to directors	131.42	-
Business promotion	39.76	70.23
Advertisement and publicity	10.73	36.02
Net loss on sale / disposal of property, plant and equipment	17.73	5.60
Allowance on service tax / GST credit receivable	-	289.94
Charity and donation	75.21	79.61
Net loss on foreign exchange fluctuation	-	4.78
Transition Costs	0.26	(303.00)
Consultancy charges	10.34	199.90
Expenditure on corporate social responsibility (see note 48)	1,264.00	1,173.87
Miscellaneous expenses	264.04	54.25
Total	**3,187.08**	**2,922.29**

*Above does not include other expenses pertaining to life insurance fund.

Notes forming part of the consolidated financial statements

35. Commitments and contingent liabilities

(Rs. in Lakhs)

Particulars		As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
A.	**Capital commitments**			
(i)	Estimated amount of contracts remaining to be executed on tangible assets and not provided for (net of advances)	1,329.00	595.34	620.13
(ii)	Commitments made and outstanding for investments and loans	2,763.00	1,651.00	756.00
B.	**Contingent liabilities**			
	Claims against the Company not acknowledged as debts (Refer note a)			
(i)	Disputed demands raised by custom authorities	440.54	429.40	418.26
(ii)	Disputed demand raised by service tax authorities (Refer note b)*	7,648.97	26,554.07	44,085.52
(iii)	Notice for non-compliance with corporate governance requirements (Refer note c)	11.40	-	33.42
(iv)	Disputed demand raised by income tax authorities (Refer note d)	159.04	159.04	159.04
(v)	Penalty levied under section 271(1)(c) of the Income Tax Act, 1961 (Refer note d)	-	-	33.42
(vi)	Litigation in an erstwhile subsidiary of the Company, Max Telecom Ventures Limited ("MTVL") (since merged with the Company with effect from December 1, 2005) (Refer note g)			
(vii)	Litigation against the Company relating to Company Law matters (Refer note e)			
(viii)	Partly paid-up investment	438.26	779.67	-
(ix)	Claims, other than against policies, not acknowledged as debts	1,299.15	1,236.17	1,104.25
(x)	Others (Refer note f)	2,409.31	1,872.76	1,034.30

* Inclusive of Interest and penalty of Rs. 2,690.00 lakhs and Rs. 2,128.00 lakhs respectively as at March 31, 2019 (Rs. 9,206.00 lakhs and Rs 8,376.00 lakhs as at March 31, 2018 and Rs. 13,393.00 lakhs and Rs.7,727.00 lakhs as at April 01, 2017)

Notes :

a. Claims against the Company not acknowledged as debts represent the cases pending with judicial forums / authorities. Based on management estimation and opinions from legal advisors, management believes that its position is likely to be upheld in appellate process. No tax has been accrued in the financials statements for tax / legal case demands. The management believes that the ultimate outcome of the proceedings will not have material adverse effect on the Company's financial position and result of operations.

b. The Company has not made any provision for the demands in service tax cases as the Company believes that they have a good case based on existing judicial pronouncements. Advance paid against the same is Rs. 12.00 lakhs (As at 31 March, 2018 : Rs. 12.00 lakhs, As at 1 April, 2017 : Rs. 12.00 lakhs).

Above contingent liability includes SCN cum demand notices received by Max Life Insurance Company Limited (MLIC) from Service Tax Authorities vide SCN dated 22 April, 2013 with demand of Rs. 2,264.00. MLIC is in appeal at different forums against raised issues. During the current year, MLIC has re-evaluated the demand of service tax on surrender charges and concluded that the possibility of an outflow of resources embodying economic benefit is remote. Accordingly contingent liability has been reduced amounting to Rs. 19,718.00 including interest and penalty.

c. The Company has received notices from National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) respect

Notes forming part of the consolidated financial statements

of non-compliance with Regulation 17(1) of SEBI (Listing obligations and Disclosure requirements) 2015, pertaining to composition of Board. The Company has deposited Rs. 11.40 lakhs under protest and has requested NSE and BSE for waivers.

d. Income tax cases represent the cases pending with income tax authorities / appellate authorities. Based on management estimation, future cash outflow in respect of these cases are determinable only on receipt of judgments / decisions pending with various courts / authorities. The Company has not made any provision for the demands in income tax cases as the Company believes that they have a good case based on existing judicial pronouncements.

e. During the year 2006, the Ministry of Corporate Affairs had carried out an inspection, wherein certain technical offences were alleged by the Inspection Officer, based on which prosecution proceedings were initiated against the Company, its erstwhile Whole-time Directors and the Company Secretary at Chief Judicial Magistrate, Chandigarh. The Company filed writ petition against the prosecution proceedings with the Hon'ble High Court of Punjab and Haryana. The Hon'ble High Court had stayed the proceedings and listed the case for arguments, which concluded in 2019.

   The Hon'ble High Court passed the following judgements in the three matters on 5 March 2019:

   1. Non-display of registered office address at its corporate office in a prominent manner: Decided in favour of the Company with no costs.

   2. Providing interest free loans to group companies: A nominal compounding fee of Rs. 0.50 lakhs has been levied on the Company and the matter was disposed off. The Company has paid the compounding fee of Rs. 0.50 lakhs vide demand draft number 033477 dated 7 March 2019.

   3. Non-charging of interest on the excess remuneration received and refunded by former executive directors: The Hon'ble High Court directed the former executive directors to pay simple interest @ 12% per annum for the period such excess remuneration was retained by them. The Company recorded the interest receivable in the financial statements for the year ended 31 March, 2019. The amounts have been recovered subsequent to year end.

f. Represents potential liability in respect of repudiated Policyholders' claims Rs. 2,384.00 lakhs (March 31, 2018 Rs. 1,759.00 lakhs) and bank guarantee placed with bank for UIDAI of Rs. 25.00 lakhs (March 31, 2018 Rs. 25.00 lakhs).

   As per IRDAI circular IRDA/F&A/CIR/Misc/173/07/2017 dated July 25, 2017, unclaimed amount of policyholders with ageing more than 120 months transferred to Senior Citizens' Welfare Fund (SCWF), amounting to Rs. 114 lakhs was shown as contingent liability at March 31, 2018. However, IRDAI via circular IRDA/F&A/CIR/Misc/105/07/2018 dated July 11, 2018 has withdrawn this disclosure requirement, with immediate effect. Hence amount transferred to SCWF is not reported in the above disclosure.

Notes forming part of the consolidated financial statements

g. Litigation in an erstwhile subsidiary of the Company, Max Telecom Ventures Limited ("MTVL") (since merged with the Company with effect from December 1, 2005)

S. No.	Assessment Year	Brief Description	Pending Before
1	1998-99	The capital gains of Rs. 47,493.09 lakhs realised by MTVL from the sale of shares of Hutchison Max Telecom Limited ("HMTL") [1st Stake Sale] were denied exemption under section 10(23G) of the Income-tax Act, 1961 ("the Act") by the Assessing Officer vide order dated March 28, 2001 and the sale transaction was held to be chargeable to tax in the financial year relevant to Assessment Year 1998-99 (MTVL had claimed that it pertained to AY 1999-2000). This resulted in a demand of Rs. 9,503.93 lakhs. On appeal by MTVL, the CIT (Appeals) vide order dated March 18, 2002 [while concluding that the sale transaction pertained to financial year relevant to Assessment Year 1998-99], quashed the order of the Assessing Officer denying exemption under section 10(23G), thereby cancelling the demand. The Tax Department has filed an appeal with the Income-tax Appellate Tribunal (ITAT) against this order which is pending as on date.	ITAT
2	1999-2000	Subsequently, in the next Assessment Year i.e. 1999-00, the above-mentioned transaction was once again sought to be taxed under a different head of income (i.e. business income) on a protective basis by the Assessing Officer vide order dated March 28, 2002 as MTVL had claimed that the transaction pertained to Assessment Year 1999-00 and not Assessment Year 1998-99. This, along with a few other additions, resulted in creation of a further demand of Rs. 24,993.19 lakhs which included the demand of Rs. 24,368.00 lakhs on protective basis. On appeal by MTVL, the CIT (Appeals) decided in favour of MTVL vide order dated December 18, 2002 and the demand was cancelled. The Tax Department has filed appeal against this order with the ITAT, which is pending as on date.	ITAT
3	1998-99	MTVL also filed an appeal before ITAT for Assessment Year 1998-99 contending that the aforesaid sale transaction pertained to financial year relevant to Assessment Year 1999-2000. This was disposed off by ITAT vide order dated March 23, 2007 by applying a circular of Tax Department applicable only to capital gains and holding, as a result, that the transaction of sale of shares pertained to financial year relevant to Assessment Year 1998-99. However, the Tax Authorities filed a petition before the ITAT requesting a review of the said order of the ITAT on the ground that all the matters pertaining to the aforesaid sale transaction should have been clubbed and heard together. The said petition of the Department was accepted by the ITAT vide order dated March 27, 2009 by recalling its earlier order. Aggrieved, the Company filed a writ petition to the Hon'ble High Court of Punjab and Haryana (HC) challenging the above action of ITAT on the ground that the same was beyond jurisdiction. The HC vide order dated May 04, 2009 admitted the writ petition and stayed the operations of the said order of ITAT. The ITAT, thereafter, adjourned sine-die all the matters pending operation of the stay imposed by the HC. The Department, subsequently, moved a Special Leave Petition (SLP) to Hon'ble Supreme Court against the stay granted by Hon'ble HC. The SLP was dismissed by the Hon'ble Supreme Court vide order dated May 12, 2010 with a direction to the HC to expeditiously dispose the writ petition filed by MTVL, which is pending as of date.	High Court

Notes forming part of the consolidated financial statements

4	2006-07	The capital gains of Rs. 41,153.88 lakhs realised from the sale of remaining shares of HMTL [2nd Stake Sale] were taxed by holding the gains from sale transaction to be in the nature of business income and not capital gains and as a consequence exemption under Section 10(23G) of the Act was denied by the Assessing Officer vide order dated December 31, 2009 and a demand of Rs. 15,585.17 lakhs was raised. MTVL filed an appeal against the said order. The CIT(Appeals), vide order dated March 22, 2011, had quashed the assessment framed by the Assessing Officer, holding that the assessment was nullity in law and in view of the fact that the order was framed in the name of MTVL, an entity which had ceased to exist w.e.f. December 1, 2005. As a consequence, the demand stood cancelled.	High Court
		The Department had filed an appeal to ITAT against the said order of CIT(Appeals). The ITAT vide its order dated March 8, 2013 has upheld the order of CIT(Appeals). The Tax Department has filed appeal against this order with the Hon'ble HC, which is pending as on date.	
5	2006-07	Consequent to quashing of the first proceedings in the name of MTVL, the Department initiated proceedings against Max India Limited as Successor of MTVL u/s 147 of the Act vide notice dated April 26, 2011. These proceedings had been completed on March 26, 2013 by holding the gains from sale transaction to be in the nature of business income and not capital gains and consequently denying exemption under Section 10(23G) of the Act and a demand of Rs. 19,816.25 lakhs had been raised. The company had filed an appeal against the same on April 25, 2013 and obtained stay of demand on May 27, 2013. The CIT(Appeals), vide order dated November 18, 2013, held on merits that the gain arising from sale of shares of HMTL be treated as long term capital gains and allowed the exemption u/s 10(23G) of the Act in respect of long term capital gain arising on sale of shares of HMTL be allowed to MTVL. The CIT(A), however, upheld reassessment proceedings by the Assessing Officer under section 147 of the Act as valid. As a consequence, the demand stood cancelled. Pursuant to this, the Tax Department has filed appeal against this order and MTVL has also filed cross objections before the ITAT against the action of the CIT(A) upholding the validity of re-assessment proceedings. Both appeals are pending as on date.	ITAT

36. Segment information

36.1 The segment reporting of the Group has been prepared in accordance with Ind AS-108, "Operating Segment" (specified under the section 133 of the Companies Act 2013 (the Act) read with Companies (Indian Accounting Standards) Rule 2015 (as amended from time to time) and other relevant provision of the Act). For management purposes, the Group is organised into business units based on its products and services and has two reportable segments as follows:

a) Operating Segments:

(i) Business Investments – This segment is represented by treasury investments.

(ii) Life Insurance – This segment relates to the life insurance business carried out pan India, by one of the Company's subsidiary.

b) Identification of Segments:

The Operating Segments have been identified on the basis of business activities from which the Group earns revenues and incurs expenses and whose operating results are reviewed by the Chief Operating Decision Maker (CODM) of the Group to make decisions about the resources to be allocated and assess performance and for which discrete financial information is available.

Notes forming part of the consolidated financial statements

c) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocated".

d) Segment assets and segment liabilities represent assets and liabilities in respective segments.

36.2. Information about business segments

(Rs. in Lakhs)

	Particulars	Business Investments		Life Insurance business		Total	
		Year ended 31.03.2019	Year ended 31.03.2018	Year ended 31.03.2019	Year ended 31.03.2018	Year ended 31.03.2019	Year ended 31.03.2018
a.	**Segment Revenue from**						
	Revenue from external customers	2,058.56	2,019.01	1,947,703.19	1,631,726.09	**1,949,761.75**	**1,633,745.10**
	Inter segment revenue	29,604.40	24,330.72	10.90	9.89	**29,615.30**	**24,340.61**
	Total Segment Revenue	**31,662.96**	**26,349.73**	**1,947,714.09**	**1,631,735.98**	**1,979,377.05**	**1,658,085.71**
	Less: Inter segment revenue	29,604.40	24,330.72	10.90	9.89	**29,615.30**	**24,340.61**
	Revenue from operations	**2,058.56**	**2,019.01**	**1,947,703.19**	**1,631,726.09**	**1,949,761.75**	**1,633,745.10**
b.	**Segments Results from continuing operations before taxes**	**7,548.28**	**14,322.11**	**60,743.73**	**61,916.60**	**68,292.01**	**76,238.71**
	Less: Inter segment elimination (net)					17,839.63	23,351.49
	Sub-total					**50,452.38**	**52,887.22**
	Unallocated Expenses (Net of unallocated income)					(2,368.40)	115.23
	Profit before tax from continuing operations					**48,083.98**	**53,002.45**
	Provision for taxation (includes provision for Deferred Tax)					6,436.77	8,818.42
	Profit after tax from continuing operations					**41,647.21**	**44,184.03**
	Less: Profit transferred to non-controlling interest					15,391.14	15,544.78
	Profit after tax (after adjusting non-controlling interest)					**26,256.07**	**28,639.25**

(Rs. in Lakhs)

	Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
c.	**Segment Assets**			
	Business Investments	219,557.79	207,090.00	191,426.18
	Life Insurance business	6,658,645.03	5,522,554.00	4,675,832.61
	Total	**6,878,202.82**	**5,729,644.00**	**4,867,258.79**
	Inter segment elimination (net)	(157,128.93)	(145,476.50)	(130,183.11)
	Total Assets	**6,721,073.89**	**5,584,167.50**	**4,737,075.68**
d.	**Segment Liabilities**			
	Business Investments	19,556.50	15,135.62	18,256.81
	Life Insurance business	6,381,718.39	5,252,453.00	4,422,703.58
	Total	**6,401,274.89**	**5,267,588.62**	**4,440,960.39**
	Inter segment elimination (net)	36,489.16	56,399.75	67,317.97
	Total Liabilities	**6,437,764.05**	**5,323,988.37**	**4,508,278.36**

Notes forming part of the consolidated financial statements

37. Employee benefit plans

(i) Defined contribution plans

The Group makes provident fund and employees state insurance scheme contributions which are defined contribution plans for qualifying employees. Under the schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The contribution as specified under the law are paid to the provident fund trust set up by the Group. The Group is liable for annual PF contributions and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government under the Employees' Provident Fund Scheme, 1952 and recognises, if any, as an expense in the year it is determined.

As per the actuarial report provided by the Actuary, As of 31 March, 2019, the fair value of the assets of the fund and the accumulated members' corpus is Rs. 29,999.03 lakhs (As at 31 March, 2018: Rs. 25,222.06 lakhs, as at 1 April, 2017: Rs. 22,333.65 lakhs) and Rs. 29,369.00 lakhs (As at 31 March, 2018: Rs. 24,972.51 lakhs, as at 1 April, 2017: Rs. 22,076.76 lakhs) respectively. In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.65% (As at 31 March, 2018: 8.55% , as at 1 April, 2017: 8.65%). The actuarial assumptions include discount rate of 6.76% (As at 31 March, 2018: 7.18% , as at 1 April, 2017: 6.67%).

The Group recognised Rs. 2,468.50 lakhs (Previous year: Rs. 2,080.08 lakhs) for provident fund contribution and Rs. 529.00 lacs (previous year: Rs. 533.89 lacs) for employee state insurance scheme contribution in the Statement of Profit and Loss. The contributions payable to the plan by the Group is at the rates specified in rules to the Scheme.

(ii) Defined benefit plans

The Company and its subsidiary makes annual contribution to their Employees Gratuity Fund maintained with Life Insurance Corporation of India and Max Life Insurance Company Limited respectively, a funded defined benefit plan for eligible employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of 6 months. Vesting occurs upon completion of 5 years of service.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date.

The gratuity plan typically exposes the Group to actuarial risks such as: interest rate risk, longevity risk and salary risk.

Interest risk

A decrease in the bond interest rate will increase the plan liability.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

No other post-retirement benefits are provided to these employees

In respect of the plan in India, the most recent actuarial valuation of the present value of the defined benefit obligation was carried out as at 31 March, 2019 by Manohar Lal Sodhi, Consulting Actuary, Fellow of the Institute of Actuaries of India ('Actuarial'). The present value of the defined benefit obligation, and the related current service cost and past

Notes forming part of the consolidated financial statements

service cost, were measured using the projected unit credit method as computed by the Actuarial.

(a) The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Year ended 31.03.2019	Year ended 31.03.2018	Year ended 01.04.2017
Discount rate(s)	7.20%-7.60%	7.20%-7.60%	6.50%-7.40%
Expected return on plan assets	7.50%-7.60%	8.35%-8.70%	8.35%-8.70%
Salary escalation	7.50%-10.00%	7.50%-10.00%	7.50%-10.00%
Retirement age	58-65 years	58-65 years	58 years
Mortality tables	IALM (2006 - 08)	IALM (2006 - 08)	IALM (2006 - 08)
Attrition (%) - All ages	5%-25%	5%-25%	5%-25%
Estimate of amount of contribution in the immediate next year (Rs. in lakhs)	2,104.63	1,171.62	692.32

(b) Amounts recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows as computed by the Actuarial:

(Rs. in lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Service cost		
- Current service cost	353.34	561.96
Interest cost	243.20	253.37
Expected return on plan assets	(185.25)	(213.67)
Components of defined benefit costs recognised in profit or loss	**411.29**	**601.66**
Remeasurement on the net defined benefit liability		
- Return on plan assets (excluding amounts included in net interest expense)	(45.33)	(38.75)
- Actuarial (gains) / losses arising from changes in financial assumptions	1.68	255.58
- Actuarial (gains) / losses arising from experience adjustments	(458.83)	(186.31)
Components of defined benefit costs recognised in other comprehensive income	**(502.48)**	**30.52**
Total	**(91.19)**	**632.18**

The current service cost and the net interest expense for the year are included in the employee benefits expense line item in the Statement of Profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

(c) The amount included in the Balance Sheet arising from the entity's obligation in respect of its defined benefit plans is as follows as computed by the Actuarial:

(Rs. in lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018	Year ended 01.04.2017
Present value of funded defined benefit obligation	(4,186.07)	(3,910.76)	(3,546.86)
Fair value of plan assets	1,946.22	2,441.33	2,648.37
Net liability arising from defined benefit obligation	**(2,239.85)**	**(1,469.43)**	**(898.49)**

Notes forming part of the consolidated financial statements

(d) Movements in the present value of the defined benefit obligation are as follows:

(Rs. in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
Opening defined benefit obligation	3,910.76	3,546.86
Current service cost	353.34	561.96
Interest cost	243.20	253.37
Remeasurement (gains)/losses:		
- Actuarial gains and losses arising from changes in financial assumptions	(1.68)	(255.58)
- Actuarial gains and losses arising from experience adjustments	458.83	186.31
Benefit paid - Paid by the Enterprise	(202.42)	(382.16)
Benefit paid - Paymet made out of the Fund	(575.96)	-
Closing defined benefit obligation	**4,186.07**	**3,910.76**

(e) Movements in the present value of the plan assets as computed by Actuarial are as follows:

(Rs. in lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Plan assets at beginning of the year	2,441.33	2,648.37
Expected return on plan assets	185.25	213.67
Actual group contributions	-	21.06
Actuarial gain / (loss) on plan assets	(45.33)	(38.75)
Benefits paid	(635.03)	(403.02)
Plan assets at the end of the year	**1,946.22**	**2,441.33**

(f) Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

i) If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by Rs. 88.29 lakhs (increase by Rs. 88.97 lakhs) [as at 31 March, 2018: decrease by Rs. 76.16 lakhs (increase by Rs. 76.82 lakhs)].

ii) If the expected salary growth increases (decreases) by 0.50%, the defined benefit obligation would increase by Rs. 32.04 lakhs (decrease by Rs. 32.85 lakhs) [as at 31 March, 2018: increase by Rs. 30.08 lakhs (decrease by Rs. 28.90 lakhs)].

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

(g) The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.

Notes forming part of the consolidated financial statements

(h) Experience on actuarial gain/(loss) for benefit obligations and plan assets:

(Rs. in lakhs)

Particulars	Gratuity				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
Present value of DBO	4,186.07	3,910.76	3,546.86	3,281.14	4,725.49
Fair value of plan assets	1,946.22	2,441.33	2,648.37	1,071.68	2,107.09
Funded status [Surplus / (Deficit)]	(2,239.85)	(1,469.43)	(898.49)	(2,209.46)	(2,618.40)
Experience gain / (loss) adjustments on plan liabilities	(457.15)	69.27	111.75	153.89	57.67
Experience gain / (loss) adjustments on plan assets	(45.33)	(38.75)	35.42	153.18	153.19

38. Calculation of Earnings per share (EPS) - Basic and Diluted

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Basic EPS		
Profit attributable to shareholders (Rs. in lakhs)	26,256.07	28,639.24
Weighted average number of equity shares outstanding during the year (Nos.)	268,605,095	267,948,970
Face value per equity share (Rs.)	2.00	2.00
Basic Earnings Per Share (Rs.)	**9.77**	**10.69**
Diluted EPS		
Equivalent weighted average number of employee stock options outstanding (Nos)	254,562	758,693
Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Nos)	268,859,656	268,707,663
Diluted Earnings Per Share (Rs.)	**9.77**	**10.66**

39. Employee Stock Option Plan

39.1 Employee Stock Option Plan – 2003 (“the 2003 Plan”):

The Company had instituted the 2003 Plan, which was approved by the Board of Directors on 25 August, 2003 and by the shareholders on 30 September, 2003. The 2003 Plan provides for grant of stock options aggregating not more than 5% of number of issued equity shares of the Company to eligible employees of the Company. The 2003 Plan is administered by the Nomination and Remuneration Committee appointed by the Board of Directors. Under the plan, the employees receive shares of the Company upon completion of vesting conditions such as rendering of services across vesting period. Vesting period ranges from one to five years and options can be exercised within two years from vesting date. As amended in the 2003 Plan and approved the shareholders in Annual General Meeting held on 30 September, 2014, the Option Price will be determined by the Nomination and Remuneration Committee, from time to time, in accordance with the provisions of applicable law, provided that the Option Price shall not be below the face value of the equity shares of the Company.

Notes forming part of the consolidated financial statements

The following share based arrangements were in existence during the current and prior years :

Options Series		Number	Grant date	Expiry date	Exercise Price (in Rs.)	Fair value at grant date (in Rs.)
1	Employee Stock Option Plan - 2003	110,750	12-Dec-14	30-Nov-19	311.20	258.34
		5,650	27-Mar-15	27-Mar-19	2.00	443.82
		7,308	1-Apr-16	1-Apr-19	2.00	334.05
		7,307	1-Apr-16	1-Apr-20	2.00	332.46

Note 1 : Options were priced using Black Scholes model, by an approved valuer engaged by the Company.

Particulars	March 31, 2019		March 31, 2018	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Option outstanding at the beginning of the year	1,132,767	219.48	2,246,745	211.90
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	(1,001,752)	218.78	(1,113,978)	204.19
Outstanding at the end of the year	131,015	224.82	1,132,767	219.48

For the period, the weighted average share price at the exercise date was Rs. 425.52 (previous year: Rs. 601.93)

The weighted average exercise price for stock options outstanding as at March 31, 2019 was Rs. 224.82 per share (March 31, 2018: Rs 219.48 per share).

The weighted average remaining contractual life for the stock options outstanding as at 31 March, 2019 is 0.56 years (31 March, 2018: 1.14 years). The range of exercise prices for options outstanding at the end of the year was 2.00 to 311.20 (31 March, 2018: 2.00 to 311.20).

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

39.2 Employees Phantom Stock Plans (PSP Plans)

The Company had instituted PSP Plans, which were approved by the Board of Directors. The PSP Plans provide for issue of units to eligible employees of the Compay. Under the Plans, eligible employees receive cash equivalent to fair market value of units upon completion of vesting conditions, as administered by the Nomination and Remuneration Committee including rendering of services across vesting period. Vesting period ranges from 1 to 4 years.

Accordingly Rs. 720.49 lakhs (previous year: Rs. 380.42 lakhs) has been accrued as an expense in the Statement of Profit and Loss account as applicable. The details of the units granted during the year are as under:

Notes forming part of the consolidated financial statements

Particulars	As at 31 March, 2019		As at 31 March, 2018	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Option outstanding at the beginning of the year	222,478	5.68	143,052	6.00
Granted during the Year	173,723	5.38	115,189	5.38
Forfeited during the year	-	-	-	-
Exercised during the year	(204,734)	6.00	(35,763)	6.00
Outstanding at the end of the year	191,467	5.68	222,478	5.68

The weighted average remaining contractual life for the stock options outstanding as at 31 March, 2019 is 1.00 years (31 March, 2018: 1.59 years).

39.3 Max Life Insurance Company Limited

Employee Phantom Stock Plan (Cash settled):

During the year ended 31 March, 2013, the Company had instituted Employee Phantom Stock Plan (EPOP) w.e.f. 1 August, 2012.

During the year ended 31 March, 2015, the Company had issued Employee Phantom Stock Plan (EPOP) w.e.f. 01 July, 2014, 25 September, 2014 and 01 December, 2014. Further, during the year ended 31 March, 2016, the Company issued Employee Phantom Stock Plan (EPOP) w.e.f. 30 October, 2015 and 01 January, 2016. Accordingly Rs. 4,881.35 lakhs (previous year Rs. 8,181.73 lakhs) has been accrued as expense in the statement of profit & loss account as applicable The details of the scheme are as under:

Particulars	As at 31.03.2019		As at 31.03.2018	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Outstanding at the start of the year	12,301,000	32.09	23,916,000	32.09
Granted during the Year	6,182,000	96.40	-	-
Forfeited during the year	(1,603,000)	32.09	(1,163,000)	32.09
Exercised during the year	(4,331,000)	32.09	(10,452,000)	32.09
Outstanding at the end of the year	12,549,000	63.77	12,301,000	32.09

The range of exercise prices for options outstanding at the end of the year was INR 29.97 to INR 96.40 (31 March 2018: INR 29.97 to INR 53.64)

Notes forming part of the consolidated financial statements

40. Leases

Lease rentals recognised in the Consolidated Statement of Profit and Loss for the year is Rs. 8,127.82 lakhs (previous year: Rs. 7,375.54 lakhs).

The Group has entered into operating leases for its office and for employees' residence, that are renewable on a periodic basis. The average life of lease is from 3 to 10 years. The total of future minimum lease payments under non-cancellable leases are as follows:

(Rs. in Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Not later than one year	903.00	19.09	61.70
Later than one year and not later than five year	1,432.00	-	19.09
Later than five year	-	-	-
Total	**2,335.00**	**19.09**	**80.79**

41. Related parties disclosures

List of related parties

Names of related parties with whom transactions have taken place during the year

Entity/person having significant influence/ control upon the Company	- Max Ventures Investment Holdings Private Limited
	- Mr. Analjit Singh (Chairman) (w.e.f. 23 July, 2018)
Key Management Personnel (KMP) of the Holding Company (Group)	- Mr. Analjit Singh (Chairman) (w.e.f. 23 July, 2018)
	- Mr. Mohit Talwar (Managing Director)
	- Mr. Ashwani Windlass (Director)
	- Mr. Rajesh Khanna (Director till 11 February, 2019)
	- Mr. Aman Mehta (Director)
	- Mr. D.K. Mittal (Director)
	- Mrs. Naina lal Kidwai (Director)
	- Mr. Sahil Vachani (Director) (w.e.f. 25 May, 2018)
	- Mr. Jai Arya (Director) (w.e.f. 14 November, 2018)
	- Mr. Charles Richard Vernon Stagg (Director) (w.e.f. 11 February, 2019)
	- Mr. Sanjay Nayar (Director)
	- Mrs. Sujatha Ratnam (Chief Financial Officer)
	- Mr. Sandeep Pathak (Company Secretary)
Enterprises owned or significantly influenced by key management personnel or their relatives	- Max India Foundation
	- Max India Limited
	- Max Ventures & Industries Limited
	- Max Bupa Health Insurance Company Limited
	- Antara Purukul Senior Living Limited
	- Max Skill First Limited
	- Antara Senior Living Limited
	- Max Learning Limited
	- Max UK Limited
	- KKR Capital Market India Private Limited
	- Delhi Guest House Private Limited
	- New Delhi House Services Limited
	- Pharmax Corporation Limited
Employee benefit funds	- Max Financial Services Limited Employees' Provident Fund Trust

Note : The related parties have been identified by the management.

Notes forming part of the consolidated financial statements

41. Related parties disclosures

41.1 Transactions with related parties during the year:

(Rs. In lakhs)

Particulars	Parties	Total	
		Year ended 31.03.2019	Year ended 31.03.2018
Reimbursement of expenses (Received from)	Max Bupa Health Insurance Company Limited	23.39	29.17
	Max Ventures and Industries Limited	22.02	23.26
	Max India Limited	3.64	4.53
	Max Skill First Limited	1.46	9.74
	Antara Senior Living Limited	1.46	1.81
	Antara Purukul Senior Living Limited	1.46	1.81
	Max Learning Limited	4.85	-
Income from shared services	Max India Limited	809.80	765.70
	Max Ventures and Industries Limited	159.15	155.66
	Max Bupa Health Insurance Company Limited	5.19	-
	Antara Purukul Senior Living Limited	2.09	6.90
	Max Learning Limited	-	3.95
Reimbursement of expenses (Paid to)	Delhi Guest House Private Limited	4.59	4.59
	Max India Limited	24.26	37.02
	Max Ventures & Industries Limited	34.04	48.99
Training expense	Max Skill First Limited	2,697.00	3,299.00
Repairs and maintenance - others	New Delhi House Services Limited	189.02	208.40
Finance costs	KKR Capital Market India Private Limited	2,034.00	-
Insurance Expense	Max Bupa Health Insurance Company Limited	10.40	-
Legal and professional expenses	Max India Limited	2,700.00	2,344.00
	Max UK Limited	51.49	140.56
Rent Income	Max Skill First Limited	-	73.00
Premium Income	Max Skill First Limited	7.00	-
Rent including lease rentals	Delhi Guest House Private Limited	189.05	303.02
	Pharmax Corporation Limited	26.96	39.49
	Max India Limited	184.87	58.70
Charity and donations	Max India Foundation	75.00	77.00
Security Deposit	Delhi Guest House Private Limited	4.82	-

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and compensated absences benefits, as they are determined on an actuarial basis for the Company as a whole.

Notes forming part of the consolidated financial statements

41.2 Transactions with the key management personnel during the year:

(Rs. In lakhs)

Name of key management personnel	Nature of transaction	Year ended 31.03.2019	Year ended 31.03.2018
Mr. Mohit Talwar (Note 1)	Remuneration	974.08	1,436.52
Mrs. Sujatha Ratnam (Note 1)	Remuneration	204.58	192.17
Mr. Sandeep Pathak (Note 1)	Remuneration	88.26	52.11
Mr. Analjit Singh	Director sitting fees	3.00	-
Mr. Ashwani Windlass		27.00	20.00
Mr. Rajesh Khanna		22.00	20.00
Mr. Aman Mehta		7.00	7.00
Mr. D.K. Mittal		28.00	16.00
Mrs. Naina lal Kidwai		21.00	13.00
Mr. Sahil Vachani		3.00	-
Mr. Jai Arya		2.00	-
Mr. Charles Richard Vernon Stagg		2.00	-
Mr. Sanjay Nayar		-	-

Note 1 : As the future liability for gratuity and leave encashment is provided on actuarial basis for the Group as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above. The figures do not include accrual recorded for Employee Share Based Payments.

41.3 Balance outstanding as at the year end:

(Rs. In lakhs)

Nature of transaction	Name of related party	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Trade Receivables	Max Bupa Health Insurance Company Limited	5.05	8.27	3.51
	Max Healthcare Institute Limited	388.01	199.45	460.48
	Max Learning Limited	-	0.25	29.92
	Max Ventures and Industries Limited	157.24	79.54	38.33
	Antara Purukul Senior Living Limited	-	-	1.10
	Max Skill First Limited	548.00	107.00	-
Other Receivables	Antara Purukul Senior Living Limited	3.25	-	-
	Pharmax Corporation Limited	19.16	-	-
	Delhi Guest House Private Limited	20.96	-	-
Security Deposit Receivable	Pharmax Corporation Limited	4.50	35.00	35.00
	Delhi Guest House Private Limited	22.38	73.20	66.00
Trade Payable	New Delhi House Services Limited	22.36	19.76	15.18
	Max India Limited	625.96	666.77	839.05
	Max UK Limited	-	79.30	56.74

Notes forming part of the consolidated financial statements

42. Financial Instruments

(a) Capital Management

The capital management objectives of the Company are:

- to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios
- to ensure the ability to continue as a going concern
- to provide an adequate return to shareholders

Management assesses the capital requirements of the Company in order to maintain an efficient overall financing structure. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

(b) Risk management framework

The Group is exposed to market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The objective of the Group's risk management framework is to manage the above risks and aims to :

- improve financial risk awareness and risk transparency
- identify, control and monitor key risks
- provide management with reliable information on the Company's risk exposure
- improve financial returns

The Group's overall approach to managing risk is based on the 'three lines of defence' model with a clear segregation of roles and responsibilities for all the lines. Business Managers are part of the first line of defence and have the responsibility to evaluate their risk environment and put in place appropriate controls to mitigate such risks or avoid them. The Risk Management Function, along with the Compliance Function, form the second line of defence. The Internal Audit Function guided by the Audit Committee is the third line of defence and provides an independent assurance to the Board. The Statutory Auditors and regulatory oversight aided by the Appointed Actuary in his/her fiduciary capacity is also construed to provide an additional third line of defence. The Group has in place a robust and comprehensive internal control mechanism across all the major processes as a part of the internal financial controls (IFC Framework) adequacy of which is tested periodically by the internal audit function and an opinion on its efficacy is provided by the statutory auditors.

Risk management activities are supervised on behalf of the Board by the Risk, Ethics and Asset Liability Management Committee, whose responsibilities includes those in conformity with those prescribed by the IRDAI for insurance businesses. The Group for its life insurance business has Management Risk Committee chaired by the Managing Director & Chief Executive Officer and supported by the Operational Risk Group, and Asset Liability Management Group, Information Security & Business Continuity Management Committee and the Outsourcing Committee, assist the Board Committee in overseeing the risk management activities across the life insurance business.

The Group in respect of its life insurance arm, Max Life Insurance has an independent Risk Management Function in place, headed by a Chief Risk Officer. The function is responsible for the supervision of all risk management activities, including developing the risk appetite, maintaining an aggregated risk view, monitoring the residual risks to ensure that they remain within tolerance levels. It also reviews the appropriateness and adequacy of the risk management strategy and develops recommendations to the REALM Committee as necessary. The Risk Management function also ensures that, through various management submissions, the Board is adequately informed on key emerging risk related issues and if necessary, provides supplementary advice to the Board through REALM Committee.

Notes forming part of the consolidated financial statements

The Group has in place a Risk Management Policy which lays down the broad contours of management system in place which is used to identify, assess, monitor, review, control, report risks and controls within the Group. The Group has a risk management system It also requires the Group that enables it to identify risks, set tolerance levels, develop and implement strategies, policies, procedures and controls to manage different types of risks within the overall risk appetite., A Risk Appetite Statement is in place which identifies and addresses each material risk to which the Group is exposed and establishes the degree of risk that the Group is willing to accept in pursuit of its strategic objectives, business plans giving consideration to the interests of its stakeholders and the interest of the policyholders. These material risks have been categorized in the areas of Strategic, Insurance, Investment and Operational Risks. The Risk Management Strategy has been developed which defines the Company's approach to manage the identified material risks through acceptance, avoidance, transfer and/or mitigation. The degree and intensity of the management action is guided by comparing the risk appetite with the potential impact of the risk, likelihood of its occurrence and the costs of implementing the controls. This is supplemented by various policies and procedures in respective operating areas which help to identify, mitigate and monitor risks. A risk dashboard is also in place which rates each material risk on the basis of identified key risk indicators and respective tolerance levels. This is also monitored both at the management level as well as the Board Committee level. The framework and its effectiveness are subject to both internal and external assurance reviews.

As an insurer, the Group is in the business of accepting certain kinds of risks. It is Group's policy that risks should be managed systematically with the process of risk management being well defined and with its various elements properly integrated. The risk management framework also ensures that the level of risk accepted is within the Group's risk capacity and the level of capital adequacy is in excess of the level prescribed in the regulations. The degree and intensity of the management action is guided by comparing the risk appetite with the potential impact of the risk, likelihood of its occurrence and the costs of implementing the controls.

The entire implementation is monitored both at the management level as well as the Board Committee levels and the overall risk management framework and its effectiveness are subject to both internal and external assurance reviews.

The key risk exposures are summarized below along with a brief approach adopted by the Group to manage those risks.

(i) <u>Market risk</u>

Market risk is the risk that the fair value of financial instrument will fluctuate because of change in market price.

The Company's activities expose it primarily to interest rate risk, currency risk and other price risk such as equity price risk. The financial instruments affected by market risk includes : Fixed deposits, current investments, borrowings and other current financial liabilities.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments exposes the company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk.

Further, any interest rate movements have an inherent implication on the valuation of liabilities also due to the long term nature of product designs and liability profiles.

The Duration gap between assets and liabilities is actively managed to ensure minimum sensitivity to interest rates.

The Group also uses interest rate swaps to lock-in a fixed rate, which is higher than Group's current expectation of future interest rates. Use of interest rate swaps protects the guaranteed liability portfolio from falling interest rates by reducing the reinvestment risk on new money.

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity. The correlation of variables will have significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes

Notes forming part of the consolidated financial statements

in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are linearly related. The method used for deriving sensitivity information and significant variables have not changed from the previous period.

(Rs. in lakhs)

Market indices	Change in Interest rate	As at 31 March, 2019		As at 31 March, 2018	
		Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
Interest rate	25 Basis Point down	-	1,836.00	-	1,138.00
	50 Basis Point down	-	3,673.00	-	2,277.00
	25 Basis Point Up	-	(1,836.00)	-	(1,138.00)
	50 Basis Point Up	-	(3,673.00)	-	(2,277.00)

The Group is also exposed to interest rate risk on fixed deposits outstanding as at the year end. The Group invests in fixed deposits to achieve the Group's goal of maintaining liquidity, carrying manageable risk and achieving satisfactory returns.

Equity Price Risk

Equity market risk is the potential for financial loss arising from declines or volatility in equity market prices. The Group is exposed to equity risk from a number of sources. A portion of our expose to equity market risk arises in connection with benefits guarantee on contracts issued. The cost of providing for these guarantees is uncertain, and will depend upon a number of factors including general capital market conditions, underlying fund performance, policyholder behaviour, and mortality experience, which may result in negative impacts on our net income and capital.

The analysis below is performed for reasonably possible movements in market indices with all other variables held constant, showing the impact on profit before tax (due to changes in fair value of financial assets and liabilities whose fair values are recorded in the statement of profit or loss) and equity (that reflects changes in fair value of financial assets). The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis.

(Rs. in lakhs)

Market indices	Change in Variables	2018-19		2017-18	
		Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
Equity price	10% rise	1,319.00	-	1,168.00	-
	10% fall	(1,319.00)	-	(1,168.00)	-

Operational Risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. Given the nature and scale of operations, the Group accepts high level of intrinsic risk in the operating model but has low tolerance for outages, specifically either at point of sale or in the subsequent delivery of policyholder obligations. The Group therefore makes resources available to control operational risks to acceptable levels however, recognizes that it is not possible to eliminate some of the risks inherent in its activities given the economic benefits of eliminating the same are far lower than the costs incurred in the process. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Group's strategic planning and budgeting process.

Notes forming part of the consolidated financial statements

The Group is exposed to various areas of operational risks, including misselling, technology, business continuance, information security, fraud, business processes, outsourcing, and compliance. These are mitigated by regular review and monitoring of operating, reporting processes and procedures. A range of policies and procedures to manage these risks is in place including Business Continuity Management, Information Security, Outsourcing, Anti-Fraud, Anti-Corruption and Anti-Bribery, and Anti-Money Laundering Policies together with a Business Code of Conduct. The first line of defence, through the departmental self-assessments, identifies all potential areas of inherent as well as residual risks along with the mitigation actions. The progress against these is monitored closely by respective functions, and is followed up by monitoring and reviews by the second and the third lines of defence.

Information Security risks are governed through Information Security Management System aligned and certified against ISO 27001 which is a global benchmark. The Group has a comprehensive Information Security policy designed to comply with ISO 27001, privacy and / or data protection legislations as specified in Indian Information Technology Act 2008 and Notification dated 11th April 2011 on protection of sensitive personal information and it provides direction to Information Security staff, Management and employees regarding their roles and responsibilities towards Information Security.

The subsidiary of the Company, Max Life Insurance also has a Business Continuity Management System which is aligned and certified against ISO 22301 which is also a global benchmark and has a planned response in the event of any contingency ensuring recovery of critical activities at agreed levels within agreed timeframe thereby complying with various regulatory requirements and minimizing the potential business impact to Max Life. Additionally, it creates a system that fosters continuous improvement of business continuity management.

The Operational Risk Group and the Management Risk Committee monitor the residual risks in these areas and ensure that control actions are triggered at appropriate times to ensure that these risk exposures remain within the Group's risk appetite. Process risks in respect of technical areas like Product Developments, Information Security are monitored through specialised forums like a Product Steering Committee (which governs a defined process and structure for development of products), Information Security & Business Continuity Management Committee (for all Information Security, Cyber Security and continuity related matters).

(ii) Liquidity risk

An asset-liability mismatch occurs when the financial terms of a Group's assets and liabilities do not correspond. These can lead to non-payment/deferment of claims, expenses, etc. Through effective cash management and capital planning, the Group ensures that, it is properly funded and maintain adequate liquidity to meet obligations. Elaborate mechanism is in place to match duration as well as cash flows through detailed ALM methodology which takes into account re-investment risk as well. Based on the Group's historical cash flows and liquidity management processes, the cash flows from the operating activities will continue to provide sufficient liquidity for us to satisfy debt service obligations and to pay other expenses as they fall due.

Liquidity risk is the possibility that the Group will not be able to fund all cash outflow commitments as they fall due. Group's primary funding obligations arise in connection with the payment of policyholder benefits Sources of available cash flow include general fund premiums and investment related inflows (such as maturities, principal repayments, investment income and proceeds of asset sales).

A governance structure, in form of the ALM Committee, and well defined Asset Liability Management Policy require periodic monitoring of the Asset-Liability position of the Group. The ALM policy defines the constraints on Investment policy arising from the nature of the liabilities that invested assets support. The Investment Policy defines in appropriate detail the specific limits on various forms of investment arising from Regulations, the ALM Policy and MLI's specific investment related risk appetites on various forms of investment. Periodic monitoring of interest rate sensitivity, dollar duration gap, cash flow matching, liquidity ratios, is undertaken at Management as well as Board Level Committees.

The Group remains committed to maintaining a healthy liquidity, gearing ratio, deleveraging and strengthening the balance sheet. The maturity profile of the Group's financial liabilities based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the

Notes forming part of the consolidated financial statements

contractual undiscounted cash obligation of the Group.

Maturity profile of financial liabilities:

(Rs. in lakhs)

Particulars	As at 31 March, 2019				Total
	<1 year	1-3 Years	3-5 Years	> 5 Years	
- Trade payables	2,752.09	-	-	-	2,752.09
- Other financial liabilities	18,528.24	31,227.75	-	-	49,755.99
- Financial liabilities of Life Insurance Policyholders' Fund	177,752.17	-	-	-	177,752.17
Total	**199,032.50**	**31,227.75**	**-**	**-**	**230,260.25**

(Rs. in lakhs)

Particulars	As at 31 March, 2018				Total
	<1 year	1-3 Years	3-5 Years	> 5 Years	
- Trade payables	2,923.54	-	-	-	2,923.54
- Other financial liabilities	16,682.45	49,816.62	-	-	66,499.07
- Financial liabilities of Life Insurance Policyholders' Fund	140,433.81	-	-	-	140,434
Total	**160,039.80**	**49,816.62**	**-**	**-**	**209,856.42**

(Rs. in lakhs)

Particulars	As at 1 April, 2017				
	<1 year	1-3 Years	3-5 Years	> 5 Years	Total
- Trade payables	11,168.51	-	-	-	11,168.51
- Other financial liabilities	19,003.74	64,383.93	-	-	83,387.67
- Financial liabilities of Life Insurance Policyholders' Fund	128,544.79	-	-	-	128,544.79
Total	**158,717.04**	**64,383.93**	**-**	**-**	**223,100.97**

(iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk primarily arises from trade receivables, balances with banks and security deposits. The credit risk on bank balances is limited because the counterparties are banks with good credit ratings. The Company's exposure and credit worthiness of its counterparties are continuously monitored.

Governance structure, in form of the Investment Committee, and well defined investment policies & processes are in place to ensure that the risks involved in investments are identified and acceptable levels are defined. Stringent investment norms and approval structure ensures healthy portfolio while delivering the expected performance. All Regulatory and Internal norms are built in the Investment system, which monitors the Investment limits and exposure norms on real-time basis.

The policyholders' funds are invested in accordance with regulatory norms, Investment policy, fund objective of unit linked funds and risk profile of the respective fund in fixed income segment, majority of the investment is made in the government securities having sovereign rating & debt securities issued by reputed corporate having appropriate rating as per Investment Committee.

Credit risk is significantly mitigated in Controlled Fund (CF) through investments in government securities (at least 50% as per regulations) and is managed by investing in bonds with minimum rating of AA+ in accordance

Notes forming part of the consolidated financial statements

with Investment Policy. Currently, over 90% of the rated debt portfolio (including government securities) of the Controlled Fund is invested in AAA rated bonds. However, the risk of downgrade in rating always remains which exposes Max Life to credit risk to a certain extent.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet and is mitigated by maintaining cash collaterals against the fair values beyond a threshold.

Industry Analysis

As on March 31, 2019

(Rs. in lakhs)

Particulars	Manufacturing	Government	Financial and Insurance	Infrastructure	IT Services	Others	Total
FVOCI financial assets							
Debt	27,470.00	4,692.00	42,040.00	116,886.00	-	10,186.00	201,274.00
Government Securities	-	68,958.00	-	-	-	-	68,958.00
Others	-	-	4,854.00	-	-	2,499.00	7,353.00
Financial Assets At FVTPL							
Alternate Investment Funds	-	-	4,752.00	-	-	-	4,752.00
Debt Securities	77,005.00	519.00	118,859.00	205,612.00	-	14,634.00	416,629.00
Equity Instruments	547,517.00	-	486,462.00	119,482.00	194,235.00	17,719.00	1,365,415.00
Government Securities	-	489,575.00	-	-	-	-	489,575.00
Infrastructure Investment Trusts	-	-	-	3,109.00	-	-	3,109.00
Mutual funds	-	-	-	-	-	243,969.70	243,969.70
Others	-	-	2,000.00	-	-	9,993.00	11,993.00
Amortised Cost Financial Assets							
Debt	11,946.00	2,662.00	205,087.00	654,729.00	-	29,941.00	904,365.00
Government Securities	-	2,572,287.00	-	-	-	-	2,572,287.00
Others	-	-	-	-	-	34,798.00	34,798.00
Total Credit Risk Exposure	**663,938.00**	**3,138,693.00**	**864,054.00**	**1,099,818.00**	**194,235.00**	**363,739.70**	**6,324,477.70**

As on March 31, 2018

(Rs. in lakhs)

Particulars	Manufacturing	Government	Financial and Insurance	Infrastructure	IT Services	Others	Grand Total
FVOCI Financial Assets							
Debt	6,050.00	-	59,570.00	136,900.00	-	3,776.00	206,296.00
Government Securities	-	84,681.00	-	-	-	-	84,681.00
Others	-	-	7,857.00	-	-	8,158.00	16,015.00
Financial Assets At FVTPL							
Alternate Investment Funds	-	-	1,477.00	-	-	-	1,477.00
Debt Securities	49,469.00	528.00	131,025.00	158,679.00	-	18,321.00	358,022.00
Equity Instruments	486,226.00	-	291,844.00	146,731.00	143,793.00	49,918.00	1,118,512.00
Government Securities	-	379,733.00	-	-	-	-	379,733.00

Notes forming part of the consolidated financial statements

Particulars	Manufac-turing	Government	Financial and Insurance	Infrastruc-ture	IT Services	Others	Grand Total
Infrastructure Investment Trusts	-	-	-	3,583.00	-	-	3,583.00
Mutual funds	-	-	-	-	-	240,718.57	240,718.57
Preference Shares	-	-	-	-	-	121.00	121.00
Others	-	-	1,820.00	-	-	26,716.00	28,536.00
Amortised Cost Financial Assets							
Debt	299.00	2,595.00	231,945.00	409,681.00	-	31.00	644,551.00
Government Securities	-	2,158,684.00	-	-	-	-	2,158,684.00
Others	-	-	-	-	-	25,159.00	25,159.00
Total Credit Risk Exposure	**542,044.00**	**2,626,221.00**	**725,538.00**	**855,574.00**	**143,793.00**	**372,918.57**	**5,266,088.57**

As at April 01, 2017

(Rs. in lakhs)

Particulars	Manufac-turing	Government	Financial and Insur-ance	Infrastruc-ture	IT Services	Others	Grand Total
FVOCI Financial Assets							
Debt	8,659.00	-	59,140.00	181,615.00	-	3,884.00	253,298.00
Government Securities	-	155,246.00	-	-	-	-	155,246.00
Others	-	-	-	-	-	12,479.00	12,479.00
Financial Assets At FVTPL							
Alternate Investment Funds	-	-	752.00	-	-	-	752.00
Debt Securities	8,910.00	3,813.00	68,661.00	147,858.00	-	28,989.00	258,231.00
Equity Instruments	470,926.00	-	289,836.00	122,799.00	107,237.00	64,705.00	1,055,503.00
Government Securities	-	330,892.00	-	-	-	-	330,892.00
Mutual funds	-	-	-	-	-	290,059.33	290,059.33
Preference Shares	-	-	-	-	-	150.00	150.00
Others	-	-	-	-	-	24,329.00	24,329.00
Amortised Cost Financial Assets							
Debt	336.00	2,054.00	45,759.00	288,827.00	-	8,401.00	345,377.00
Government Securities	-	1,757,176.00	-	-	-	-	1,757,176.00
Others	-	-	-	-	-	24,923.00	24,923.00
Total Credit Risk Exposure	**488,831.00**	**2,249,181.00**	**464,148.00**	**741,099.00**	**107,237.00**	**457,919.33**	**4,508,415.33**

Notes forming part of the consolidated financial statements

Credit Exposure by Credit Rating
As on March 31, 2019 **(Rs. in lakhs)**

Particulars	AAA or Equivalent	AA+ or AA'	AA- or lower upto A+ or Equivalent	SOVEREIGN	UNR	Total
FVOCI Financial Assets						
Debt	190,438.00	9,224.00	1,611.00	-	-	201,273.00
Government Securities	-	-	-	68,958.00	-	68,958.00
Others	2,499.00	-	-	-	4,854.00	7,353.00
Financial Assets At FVTPL						
Alternate Investment Funds	-	-	-	-	4,752.00	4,752.00
Debt Securities	286,112.00	100,677.00	29,839.00	-	-	416,628.00
Equity Instruments	-	-	-	-	1,365,415.00	1,365,415.00
Government Securities	-	-	-	489,575.00	-	489,575.00
Infrastructure Investment Trusts	-	-	-	-	3,109.00	3,109.00
Mutual funds	-	-	-	-	243,971.70	243,971.70
Preference Shares	-	-	-	-	-	-
Others	9,993.00	-	-	-	2,000.00	11,993.00
Amortised Cost Financial Assets						
Debt	736,934.00	166,931.00	500.00	-	-	904,365.00
Government Securities	-	-	-	2,572,287.00	-	2,572,287.00
Others	34,798.00	-	-	-	-	34,798.00
Total Credit Risk Exposure	**1,260,774.00**	**276,832.00**	**31,950.00**	**3,130,820.00**	**1,624,101.70**	**6,324,477.70**

As on March 31, 2018 **(Rs. in lakhs)**

Particulars	AAA or Equivalent	AA+ or AA'	AA- or lower upto A+ or Equivalent	SOVER-EIGN	UNR	Total
FVOCI Financial Assets						
Debt	202,465.00	2,740.00	1,090.00	-	-	206,295.00
Government Securities	-	-	-	84,681.00	-	84,681.00
Others	8,158.00	-	-	-	7,857.00	16,015.00
Financial Assets At FVTPL						
Alternate Investment Funds	-	-	-	-	1,477.00	1,477.00
Debt Securities	244,318.00	111,109.00	2,595.00	-	-	358,022.00
Equity Instruments	-	-	-	-	1,118,513.00	1,118,513.00
Government Securities	-	-	-	379,733.00	-	379,733.00
Infrastructure Investment Trusts	-	-	-	-	3,583.00	3,583.00
Mutual funds	-	-	-	-	240,718.57	240,718.57
Preference Shares	-	-	-	-	121.00	121.00
Others	26,716.00	-	-	-	1,820.00	28,536.00
Amortised Cost Financial Assets						
Debt	482,653.00	161,898.00	-	-	-	644,551.00
Government Securities	-	-	-	2,158,684.00	-	2,158,684.00
Others	25,159.00	-	-	-	-	25,159.00
Total Credit Risk Exposure	**989,469.00**	**275,747.00**	**3,685.00**	**2,623,098.00**	**1,374,089.57**	**5266088.57**

Notes forming part of the consolidated financial statements

As at April 01, 2017 **(Rs. in lakhs)**

Particulars	AAA or Equivalent	AA+ or AA'	AA- or lower upto A+ or Equivalent	SOVER-EIGN	UNR	Total
FVOCI Financial assets						
Debt	243,296.00	10,001.00	-	-	-	253,297.00
Government Securities	-	-	-	155,246.00	-	155,246.00
Others	7,296.00	-	-	-	5,183.00	12,479.00
Financial Assets At FVTPL						
Alternate Investment Funds	-	-	-	-	752.00	752.00
Debt Securities	213,611.00	40,747.00	3,874.00	-	-	258,232.00
Equity Instruments	-	3,759.00	-	-	1,051,743.00	1,055,502.00
Government Securities	-	-	-	330,892.00	-	330,892.00
Mutual funds	-	-	-	-	290,059.33	290,059.33
Preference Shares	-	-	-	-	150.00	150.00
Others	22,672.00	-	-	-	1,657.00	24,329.00
Amortised Cost Financial Assets						
Debt	343,266.00	2,112.00	-	-	-	345,378.00
Government Securities	-	-	-	1,757,176.00	-	1,757,176.00
Others	24,923.00	-	-	-	-	24,923.00
Total Credit Risk Exposure	**855,064.00**	**56,619.00**	**3,874.00**	**2,243,314.00**	**1,349,544.33**	**4,508,415.33**

It is the Group's policy to maintain accurate and consistent risk ratings across its credit portfolio. This enables management to focus on the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Group's rating policy. The attributable risk ratings are assessed and updated regularly.

The Group actively manages its investments exposures to ensure that there is no significant concentration of credit risk.

Expected credit loss

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are measured at amortised cost and

b) Financial assets (debt) that are measured as at FVTOCI

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss.

For the purpose of 12-month credit risk, Company has applied probability of default (PD) and loss given default (LGD) based on the credit rating of each securities. These PD and LGD for various ratings have been obtained from CRISIL and RBI respectively.

ECL allowance (or reversal) for the year is recognized as expense / income in the statement of profit or loss.

Notes forming part of the consolidated financial statements

ECL allowance computed, basis above, during the period under consideration is as follows:

(Rs. In lakhs)

Movement of Allowances	Financial Asset
As at 01 April, 2017	2.00
Provided during the year	51.00
Reversals of provision	(1.00)
As at 31 March, 2018	**52.00**
Provided during the year	504.00
As at 31 March, 2019	**556.00**

(iv) Insurance and Financial Risk of Insurance Business

The principal risk the company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long–term claims. Therefore, the objective of the company is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

Life insurance contracts and investment contracts with and without DPF

Ind AS 104 requires products offered by the Insurance Company to classify them in Insurance Contract and Investment Contract. Each contract needs to be classified in insurance contract and investment contract based on the risk they carry.

A contract would be an insurance contract and investment contracts with DPF if the benefit payable on death is higher by:

at least 5% of the fund value at any time during the life on the contract for unit linked products, or

at least 5% of the premium at any time during the life of the contract for other than unit linked products

All other contract are categorised as Investment contracts.

For contracts with DPF, the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party.

The main risks that the company is exposed to are as follows:

i) Persistency risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

ii) Mortality risk – risk of loss arising due to policyholder death experience being different than expected

iii) Morbidity risk – risk of loss arising due to policyholder health experience being different than expected

iv) Longevity risk – risk of loss arising due to the annuitant living longer than expected

v) Investment return risk – risk of loss arising from actual returns being different than expected

vi) Expense risk – risk of loss arising from expense experience being different than expected

vii) Product and pricing risk – risk of loss due to incorrect pricing or not adhering to the product regulations or higher payouts due to ambiguity in terms and conditions

Notes forming part of the consolidated financial statements

viii) Reinsurance risk – The Company enters into reinsurance agreements in order to mitigate insurance risk. However, this leads to default risk from the reinsurer at the time of claim payment or also concentration risk if all the risk is insured to one reinsurer.

ix) Concentration risk – The Company faces concentration risk by selling business to specific geography or by writing only single line business etc.

Control Measures

The actuarial department has set up systems to continuously monitor the company's experience with regard to parameters like policy lapses, premium persistency, maintenance expenses and investment returns. The underwriting team, with actuarial guidance, has set in place processes and procedures to review proposals. Some products offered by the company also have an investment guarantee. The company has set aside adequate reserves to cover this risk.

Further, the possible financial effect of adverse mortality and morbidity experience has been reduced by entering into reinsurance agreements with multiple reinsurers. The company has entered into a separate agreement with reinsurers to cover the catastrophic risks under individual and group business.

A further element of managing risk is to limit the exposure to individual segments of the population. In essence, being over-represented in any population segment will increase the variance of the company's experience, and so there are advantages to diversifying across all relevant population segments, at least until data is available to confirm which segments can be expected to have relatively favourable experience. At the present stage in the company's development, the focus is on building new distribution and so geographical diversification is actively taking place.

Insurance Contracts Liabilities
Change in liabilities

(Rs. in lakhs)

Particulars	As at 31 March, 2019				As at 31 March, 2018			
	With DPF	Linked Business	Others	Total	With DPF	Linked Business	Others	Total
Liability at the beginning of the year	**2,569,519.00**	**1,634,709.00**	**503,248.00**	**4,707,476.00**	**2,039,708.00**	**1,481,672.00**	**385,432.00**	**3,906,811.00**
Add/(Less)								
Premium	532,034.00	281,146.00	129,580.00	942,759.00	499,206.00	205,949.00	106,418.00	811,572.00
Unwinding of the discount /Interest credited	175,640.00	173,554.00	29,602.00	378,796.00	139,425.00	157,306.00	22,672.00	319,403.00
Claim Liability released	(108,200.00)	(296,835.00)	(47,051.00)	(452,086.00)	(87,345.00)	(270,141.00)	(34,367.00)	(391,853.00)
New Business	42,059.00	160,995.00	41,219.00	244,274.00	37,631.00	129,359.00	19,496.00	186,486.00
Others	(62,051.00)	(47,713.00)	(20,118.00)	(129,883.00)	(59,106.00)	(69,435.00)	3,598.00	(124,943.00)
Liability at the end of the year	**3,149,001.00**	**1,905,855.00**	**636,479.00**	**5,691,336.00**	**2,569,519.00**	**1,634,709.00**	**503,248.00**	**4,707,476.00**

Notes forming part of the consolidated financial statements

Investment Contracts Liabilities

(Rs. in lakhs)

Particulars	As at 31 March, 2019				As at 31 March, 2018			
	With DPF	Linked Business	Others	Total	With DPF	Linked Business	Others	Total
At the beginning of the year	**31.00**	**119,387.00**	**-**	**119,418.00**	**127.00**	**129,529.00**	**-**	**129,655.00**
Additions								
Premium	-	6,541.00	-	6,541.00	-	8,168.00	-	8,168.00
Interest and Bonus credited to policyholders	2.00	10,299.00	-	10,301.00	13.00	4,384.00	-	4,397.00
Deductions								
Withdrawals / Claims	17.00	26,555.00	-	26,572.00	108.00	22,096.00	-	22,203.00
Fee Income and Other Expenses	-	477.00	-	477.00	1.00	598.00	-	599.00
At the end of the year	**16.00**	**109,195.00**	**-**	**109,212.00**	**31.00**	**119,387.00**	**-**	**119,418.00**

Reinsurance Assets

(Rs. in lakhs)

Particulars	As at 31 March, 2019	As at 31 March, 2018
At the beginning of the year (March)	**12,479.00**	**10,750.00**
Add/(Less)		
Impact of new business	20,156.00	375.00
Others (mainly experience variations)	17,237.00	1,355.00
At the end of the year	**49,872.00**	**12,479.00**
Key assumptions		

Deferred Acquisition Cost

(Rs. in lakhs)

Particulars	Amount
As at 01 April, 2017	**239.00**
Expenses deferred	-
Amortisation	(68.00)
As at 31 March, 2018	**171.00**
Expenses deferred	-
Amortisation	(49.00)
As at 31 March, 2019	**123.00**

Key assumptions

The assumptions play vital role in calculating Insurance liabilities for the Company. Material judgement is required in determining the liabilities and in the choice of assumptions. Best estimate assumptions in use are based on historical and current experience, internal data, some judgement and as per guidance notes/actuarial practice standards. However for the purpose of valuation an additional level of prudence has been kept on all the best estimate assumptions known as MfAD (margin for adverse deviation).The Company keeps adequate MAD, as prescribed in APS 7 issued by the Institute of Actuaries of India (IAI), in all assumptions over best estimate value.

Notes forming part of the consolidated financial statements

Best Estimate Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

Assumptions can vary by type of product, duration, gender, distribution channel etc if the experience of any category is significantly different and data is credible for the respective category.

The key assumptions to which the estimation of liabilities is particularly sensitive are, as follows:

i) Mortality and morbidity rates

Assumptions are based on historical experience and for new products based on industry / reinsurers data. Assumptions may vary by type of product, distribution channel, gender etc.

An increase in mortality/morbidity rates will usually lead to a larger number/amount of claims (and claims could occur sooner than anticipated), which will increase the liability and reduce profits for the shareholders.

ii) Longevity

Assumptions are based on standard industry tables, adjusted when appropriate to reflect the company's own risk experience. An appropriate, but not excessive, prudent allowance is made for expected future improvements. An increase in longevity rates will lead to an increase in the number of annuity payments to be made, which will increase the liability and reduce profits for the shareholders."

iii) Investment return and Discount Rate

The rate of return is derived based on the investment portfolio that is assumed to back liabilities, consistent with the long–term asset allocation strategy. These estimates are based on current portfolio returns as well as expectations about future economic developments. An increase in investment return would lead to an increase in profits for the shareholders.

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows.

A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholder.

iv) Expenses and inflation

Operating expenses assumptions reflect the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

An increase in the level of expenses would result in an increase in expenditure, thereby reducing profits for the shareholders.

v) Lapse, surrender and partial withdrawal rates

Lapses relate to the termination of policies due to non–payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the company's experience and usually vary by product type, policy duration and distribution channel.

An increase in lapse/surrender rates generally tends to reduce the value of insurance liability and therefore increase profits for shareholders. However, the direction of impact may vary depending upon the policy duration at which the lapse/surrender occurs.

Notes forming part of the consolidated financial statements

The assumptions (post the margins for adverse deviations) that have the greatest effect on the statement of financial position and statement of profit or loss of the company are listed below:

Assumptions for key categories of business impacting net liabilities	Mortality rates		Investment return		Lapse and surrender rates	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Insurance						
Participating Life products - Endowment (closed to new business) - Life Gain Plus	36% to 143% of IALM 06-08	50% to 145% of IALM 06-08	5.45%	5.40%	2% to 8%	1% to 6%
Participating Life products - Whole Life (closed to new business) - Whole Life	36% to 143% of IALM 06-08	50% to 145% of IALM 06-08	5.45%	5.40%	2% to 8%	2% to 6%
Participating Life products - Endowment (open to new business) - Monthly Income Advantage Plan	58% to 80% of IALM 06-08	61% of IALM 06-08	5.45%	5.40%	3% to 12%	1% to 9%
Participating Life products - Endowment (open to new business) - Life Gain Premier	58% to 83% of IALM 06-08	72% to 127% of IALM 06-08	5.45%	5.40%	3% to 17%	2% to 8%
Key Individual Linked product - Fast Track Super	30% to 78% of IALM 06-08	45% to 90% of IALM 06-08	5.75%	5.70%	4% to 10%	4% to 10%
Individual Non-Participating Life products - Savings - Gteed. Monthly Income Plan	48% to 84% of IALM 06-08	65% to 83% of IALM 06-08	5.75%	5.70%	0.4% to 6%	0.4% to 6%
Individual Non-Participating Life products - Savings - Gteed. Income Plan	51% to 81% of IALM 06-08	54% to 66% of IALM 06-08	5.55%	5.50%	2% to 6%	2% to 8%
Individual Non-Participating Life products - Protection - Online Term Plan	29% of IALM 06-08	32% to 44% of IALM 06-08	5.25%	5.20%	2% to 3%	2% to 4%
Group Credit Life - Credit Life Secure	72% to 84% of IALM 06-08	72% to 84% of IALM 06-08	5.75%	5.70%	1% to 3%	1% to 4%

* Mortality and lapse/surrender assumptions are provided for the top two distribution channels.

Notes forming part of the consolidated financial statements

Portfolio assumptions by type of business impacting net liabilities	Partial Withdrawal		Renewal Per Policy Expense Assumptions		Inflation	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Insurance						
With DPF	NA	NA	660.00	605.00	6% p.a.	6% p.a.
Linked Business	2.50%	2.50%	908.00	743.00	6% p.a.	6% p.a.
Others	NA	NA	594.00	594.00	6% p.a.	6% p.a.

*Commission scales have been allowed in accordance with the company practice.

43. Fair value measurement

A Valuation principles and governance

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives (including their valuation methodologies) are subject to approvals by various functions of the Company including the risk and finance functions. The responsibility of ongoing measurement resides with the business and product line divisions."

B Financial instruments by fair value hierarchy

"All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Notes forming part of the consolidated financial statements

As at 31 March, 2019

(Rs. In lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Asset measured at fair value:				
Interest rate swap	-	6,021.01	-	6,021.01
FVOCI Assets:				
Government Securities	-	68,957.60	-	68,957.60
Debt Securities	-	201,273.17	-	201,273.17
Other Investments*	-	7,352.67	-	7,352.67
FVTPL Assets:	-	-	-	-
Government Securities	-	489,575.45	-	489,575.45
Debt Securities	-	416,628.00	-	416,628.00
Equity Instruments	1,348,326.04	114.00	-	1,348,440.04
Mutual Funds	243,969.61	-	-	243,969.61
Alternate Investment Fund	-	4,752.31	-	4,752.31
Addititonal Tier 1 Bonds	-	16,974.82	-	16,974.82
Infrastructure Investment Trusts	3,109.05	-	-	3,109.05
Other Investments*	-	11,992.94	-	11,992.94
	1,595,404.70	**1,223,641.97**	**-**	**2,819,046.67**
Liabilities measured at fair value				
Liability on written put options	-	-	48,526.11	48,526.11
Interest rate swap	-	11.06	-	11.06
	-	**11.06**	**48,526.11**	**48,537.17**

* other investment includes fixed deposits and reverse repo.

There have been no transfer between Level 1, 2 and 3 during the year.

As at 31 March, 2018

(Rs. In lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Asset measured at fair value:				
Interest rate swap	-	3.90	-	3.90
FVOCI Assets:				
Government Securities	-	84,680.62	-	84,680.62
Debt Securities	-	206,295.92	-	206,295.92
Other Investments*	-	16,014.97	-	16,014.97
FVTPL Assets:				
Government Securities	-	379,732.60	-	379,732.60
Debt Securities	-	358,022.55	-	358,022.55
Equity Instruments	1,106,824.87	114.00	-	1,106,938.87
Preference Shares	120.84	-	-	120.84
Mutual Funds	240,718.77	-	-	240,718.77

Notes forming part of the consolidated financial statements

Alternate Investment Fund	-	1,476.78	-	1,476.78
Addititonal Tier 1 Bonds	-	11,573.72	-	11,573.72
Infrastructure Investment Trusts	3,582.99	-	-	3,582.99
Other Investments*	-	28,536.44	-	28,536.44
	1,351,247.47	**1,086,451.50**	**-**	**2,437,698.97**
Liabilities measured at fair value				
Liability on written put options	-	-	65,312.23	65,312.23
Interest rate swap	-	2,617.70	-	2,617.70
	-	**2,617.70**	**65,312.23**	**67,929.93**

* other investment includes fixed deposits and reverse repo.

There have been no transfer between Level 1, 2 and 3 during the year.

As at 1 April, 2017

(Rs. In lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Asset measuered at fair value:				
Interest rate swap	-	51.81	-	51.81
FVOCI Assets:				
Government Securities	-	155,245.67	-	155,245.67
Debt Securities	-	253,297.78	-	253,297.78
Other Investments*	-	12,478.67	-	12,478.67
FVTPL Assets:				
Government Securities				
Debt Securities	-	330,891.80	-	330,891.80
Equity Instruments	-	258,231.25	-	258,231.25
Preference Shares	1,051,633.29	110.00	-	1,051,743.29
Mutual Funds	150.26	-	-	150.26
Alternate Investment Fund	**290,059.49**	-	-	290,059.49
Addititonal Tier 1 Bonds	**-**	751.70	-	751.70
Infrastructure Investment Trusts	**-**	3,759.44	-	3,759.44
Other Investments*	-	24,329.11	-	24,329.11
	1,341,843.04	**1,039,147.23**	**-**	**2,380,990.27**
Liabilities measured at fair value				
Liability on written put options	**-**	-	80,457.29	80,457.29
Interest rate swap	-	858.66	-	858.66
	-	**858.66**	**80,457.29**	**81,315.95**

* other investment includes fixed deposits and reverse repo.

There have been no transfer between Level 1, 2 and 3 during the year.

Notes forming part of the consolidated financial statements

C Valuation techniques

Asset Classification	Valuation
Equity instruments	Listed equity shares are valued at fair value, being the last quoted closing price on NSE and in case the same is not available, then on BSE.
Preference shares	Listed preference shares to be valued at fair value, being the last quoted closing price on NSE and in case the same is not available, then on BSE.
Government Securities	The Government Securities and Special Bond / Oil Bond issued by Government of India are valued at prices (Gilt Values) obtained from CRISIL
State Government Bonds	State Government securities are valued at prices (SDL Values) obtained from CRISIL
Reverse Repo	Valued at cost plus interest accrued on reverse repo rate
Discounted Securities (Treasury Bills, Commercial Papers, Certificates of Deposit)	Valued at accreted cost on Straight line till the beginning of the day plus the difference between the redemption value and the cost spread uniformly (straight line method) over the remaining maturity period of the instruments. The income shall be recognized as discount accrued.
Fixed Deposits	Valued at cost plus interest accrued on agreed coupon rate
Infrastructure Investment Trusts	Valued at Market Value or latest NAV published by trust, in case the market value is not available for last 30 days.
Additional Tier-1 bonds	Valued on the basis of values generated by bond valuer based on matrix released by Credit Rating Information Services of India Limited (CRISIL) on daily basis.
Mutual Fund	Valued at the previous day's Net Asset Value (NAV)
Alternate Investment Funds	Valued at Net Asset Value (NAV) if available or historical Cost less diminution in value of investments.
Debt Securities (Non-Convertible Debentures)	**Maturity >182 days:** Valued on YTM basis by using spread over benchmark rates (matrix released by CRISIL on daily basis) to arrive at the yield for pricing the security. The benchmark spreads are incorporated in the CRISIL Bond Valuer on daily basis and accordingly the instruments are valued on yield to maturity basis depending upon its maturity buckets & corresponding ratings **Maturity <182 days:** Securities purchased with residual maturity of up to 182 days are to be valued at cost plus the difference between the redemption value and cost spread uniformly over the remaining maturity period of the instrument. In case of securities with maturity >182 days at the time of purchase, the last available valuation price should be used. Depending upon the premium or discount at the time of purchase, the price will be subject to amortization/accretion **Call option** The securities with call option shall be valued (by CRISIL Bond Valuer) at the lower of the value as obtained by valuing the security to final maturity and valuing the security to call option. In case there are multiple call options, the lowest value obtained by valuing to the various call dates and valuing to the maturity date is to be taken as the value of the instrument **Put option** The securities with put option shall be valued (by CRISIL Bond Valuer) at the higher of the value as obtained by valuing the security to final maturity, and valuing the security to put option. In case there are multiple put options, the highest value obtained by valuing to the various put dates and valuing to the maturity date is to be taken as the value of the instruments"

Notes forming part of the consolidated financial statements

D Fair value of financial instruments not measured at fair value

As at 31 March, 2019

(Rs. In lakhs)

Particulars	Notional amount	Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	68,864.03	68,864.03	-	-	68,864.03
Bank balances other than cash and cash equivalents	267.22	267.22	-	-	267.22
Trade and other receivables	63,436.44	-	63,436.44	-	63,436.44
Loans and Advances					
Loan against policy	32,650.49	-	32,650.49	-	32,650.49
Security Deposit	3,209.34	-	3,209.34	-	3,209.34
Other loans	7.37	-	7.37	-	7.37
Investment Securities					
Measured at amortised cost	3,511,450.75	-	3,590,074.00	-	3,590,074.00
Other assets	42,472.85	-	42,472.85	-	42,472.85
Total Financial Assets	**3,722,358.49**	**69,131.25**	**3,731,850.49**	**-**	**3,800,981.74**
Financial liabilities					
Trade payables	97,917.42	-	97,917.42	-	97,917.42
Other financial liability	83,805.66	-	83,805.66	-	83,805.66
Total Financial Liabilities	**181,723.08**	**-**	**181,723.08**	**-**	**181,723.08**

As at 31 March, 2018

(Rs. In lakhs)

Particulars	Notional amount	Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	82,544.72	82,544.72	-	-	82,544.72
Bank balances other than cash and cash equivalents	254.42	254.42	-	-	254.42
Trade and other receivables	59,124.56	-	59,124.56	-	59,124.56
Loans and Advances					
Loan against policy	22,325.76	-	22,325.76	-	22,325.76
Security Deposit	3,018.87	-	3,018.87	-	3,018.87
Other loans	82.55	-	82.55	-	82.55
Investment Securities					
Measured at amortised cost	2,828,393.68	-	2,879,093.00	-	2,879,093.00
Other assets	31,796.79	-	31,796.79	-	31,796.79
Total Financial Assets	**3,027,541.35**	**82,799.14**	**2,995,441.53**	**-**	**3,078,240.67**
Financial liabilities					
Trade payables	90,587.00	-	90,587.00	-	90,587.00
Other financial liability	51,339.49	-	51,339.49	-	51,339.49
Total Financial Liabilities	**141,926.49**	**-**	**141,926.49**	**-**	**141,926.49**

Notes forming part of the consolidated financial statements

As at 01 April, 2017

(Rs. In lakhs)

Particularsv	Notional amount	Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	35,954.53	35,954.53	-	-	35,954.53
Bank balances other than cash and cash equivalents	257.51	257.51	-	-	257.51
Trade and other receivables	49,099.11	-	49,099.11	-	49,099.11
Loans and Advances					
Loan against policy	13,331.72	-	13,331.72	-	13,331.72
Security Deposit	2,926.02	-	2,926.02	-	2,926.02
Other loans	92.28	-	92.28	-	92.28
Investment Securities					
Measured at amortised cost	2,127,476.41	-	2,252,581.00	-	2,252,581.00
Other assets	18,548.82	-	18,548.82	-	18,548.82
Total Financial Assets	**2,247,686.40**	**36,212.04**	**2,336,578.95**	**-**	**2,372,790.99**
Financial liabilities					
Trade payables	92,685.90	-	92,685.90	-	92,685.90
Other financial liability	49,099.12	-	49,099.12	-	49,099.12
Total Financial Liabilities	**141,785.02**	**-**	**141,785.02**	**-**	**141,785.02**

Valuation methodologies of financial instruments not measured at fair value

Short-term financial assets and liabilities:

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, Trade receivables, balances other than cash and cash equivalents, Security deposit, Policy loans trade payables and other financial liabilities. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

Financial asset at amortised cost

The fair values financial of held-to-maturity investments are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk

44. Derivative financial instruments

In accordance with the IRDAI master circular for Investment Regulations, 2016 allowing insurers to deal in rupee denominated interest rate derivatives, the Company has Board approved policy covering various aspects related to functioning of the derivative transactions which are undertaken to mitigate interest rate risk as per the hedge strategy, thereby managing the volatility of returns from future fixed income investments, due to variations in market interest rates.

The Company has Guaranteed products where the returns to the policy holders are fixed and the Company is exposed to interest rate risk on account of investment from receipt of subsequent premiums and sum of interest and maturity from investment made out of premiums received.

The Company has during the year, as part of its Hedging strategy, entered into Interest rate swaps (IRS) transactions to hedge the interest rate sensitivity for highly probable forecasted transactions as permitted by the IRDAI circular on Interest Rate Derivatives.

Notes forming part of the consolidated financial statements

An IRS transaction is that whereby the Company receives at a pre-determined fixed rate and pays a floating rate to the bank based on the underlying index. In accordance with the Regulations, the Company has executed International Swaps and Derivatives Association (ISDA) master agreements and two way Credit Support Annexure (CSA) with the banks. The Company uses Value at Risk (VAR) to measure and monitor risk of its derivatives portfolio. Derivatives are undertaken by the Company solely for the purpose of hedging interest rate risks on account of following:

a. Reinvestment of maturity proceeds of existing fixed income investments;

b. Investment of interest income receivable; and

c. Expected policy premium income receivable on insurance contracts which are already underwritten in Life and Pension & General Annuity business.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

A) Amount outstanding and Mark to Market values

(Rs. In lakhs)

Particulars	At March 31, 2019	At March 31, 2018	At April 1, 2017
	Interest rate derivatives	Interest rate derivatives	Interest rate derivatives
Cash Flow Derivatives			
1 Derivatives (Outstanding Notional Amount)	1,187,173.95	895,633.00	6,830.76
2 Derivatives(Average Notional Amount)	159,577.67	111,307.62	
3 Marked to market positions			
a) Asset (+)	6,021.01	3.90	51.81
b) Liability (-)	(11.06)	(2,617.70)	(858.66)
4 Credit exposure			
Current Credit Exposure	6,021.01	(2,613.80)	(807.00)
Potential Future Credit Exposure	23,304.85	18,590.59	14,748.00

B) Benchmark wise derivative position

S.No.	Nature of the Derivative Contract	Benchmark	No of Deals	Notional amount of Derivative Contract o/s at the beginning of the Year	Fresh derivative contracts/ position taken during the Year	Derivative contracts/ positions terminated/ matured/ expired during the Year#	Notional amount of Derivative Contract o/s at the end of the Year
1	Interest Rate Swaps (IRS)	MIOIS/ MIBOR*	50.00	895,633.00	322,996.61	31,455.66	1,187,173.95

*The Tenure of the swaps when placed are for maximum 10 years
Includes matured notional legs of derivative contract

Notes forming part of the consolidated financial statements

C) Counterparty Wise derivative position

S.No.	Counterparty	Notional of Derivative Contract o/s	Average Notional of Derivative	Current Credit Exposure	Potential Future Credit Exposure
1	HSBC Bank	564,477.33	75,733.40	2,471.65	11,186.94
2	CITI Bank	579,562.30	78,452.48	3,319.49	11,185.30
3	AXIS Bank	13,515.76	1,689.47	-	249.99
4	JP Morgan	29,618.55	3,702.32	229.87	682.61

D) Derivative designated as hedging instruments

a) The impact of the hedging instruments on the balance sheet is, as follows
31-Mar-19

Derivative financial instruments	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the period
Interest Rate Swap	1,187,173.95	6,009.95	Derivative Financial Asset/ Liability	8,623.75

31-Mar-18

Derivative financial instruments	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the period
Interest Rate Swap	895,633.00	(2,613.80)	Derivative Financial Asset/ Liability	(1,806.80)

b) The impact of hedged items on the balance sheet is, as follows:
31-Mar-19

Derivative financial instruments	Change in fair value used for measuring ineffectiveness	Cash flow hedge reserve	Cost of hedging
Interest Rate Swap	8,654.70	6,023.15	-

31-Mar-18

Derivative financial instruments	Change in fair value used for measuring ineffectiveness	Cash flow hedge reserve	Cost of hedging
Interest Rate Swap	(1,818.70)	(2,630.21)	-

Notes forming part of the consolidated financial statements

c) The effect of the cash flow hedge in the statement of profit or loss and other comprehensive income is, as follows:

31-Mar-19

Derivative financial instruments	Total hedging gain / (loss) recognised in OCI	Ineffectiveness recognised in profit/ (loss)	Line item in the statement of profit or loss	Cost of hedging recognised in OCI	Cost of hedge reclassified from OCI to profit or loss	Line item in the statement of profit or loss
Interest Rate Swap	8,653.36	1.34	N/A	-	-	N/A

31-Mar-18

Derivative financial instruments	Total hedging gain / (loss) recognised in OCI	Ineffective-ness recognised in profit/(loss)	Line item in the statement of profit or loss	Cost of hedging recognised in OCI	Cost of hedge reclassified from OCI to profit or loss	Line item in the statement of profit or loss
Interest Rate Swap	(1,818.18)	(0.52)	N/A	-	-	N/A

45. First-time adoption of Ind AS

(A) Reconciliation of total equity as at 31 March, 2018 and 1 April, 2017

(Rs. in lakhs)

Particulars	Notes	As at 01.04.2017	As at 31.03.2018
Total equity (including non-controlling interest) as reported under previous GAAP		**308,362.62**	**338,260.13**
Effect of liability towards written put options to non-controlling interest	(a)	(80,457.29)	(65,312.23)
Fair value change on financial assets carried at Fair Value Through Profit or Loss	(c)	394.84	1,141.44
Effect of recognising employee stock options and phantom stock options cost at fair value	(e)	(168.45)	(305.47)
Provision on investment provided based on expected credit loss model	(d)	(1.38)	(33.31)
Fair value change on financial assets carried at Fair Value Through Other Comprehensive Income	(c)	2,787.76	731.77
Provision on investment carried at Fair Value Through OCI provided based on expected credit loss model reclassified to profit or loss	(c, d)	0.91	1.41
Effect of reclassification of cash flow hedge reserve	(g)	812.50	2,630.91
Effect of measuring financial instruments at amortised cost	(b)	-	1.03
Effect of change in shareholding without loss of control		-	(13,382.61)
Deferred tax on the above adjustments	(f)	(434.19)	(201.39)
Deferred tax on undistributed earnings	(f)	(2,500.00)	(3,352.55)
Total adjustments to equity (including non-controlling interest)		**(79,565.30)**	**(78,081.00)**
Equity as reported under Ind AS (including non-controlling interest)		**228,797.32**	**260,179.13**

Notes forming part of the consolidated financial statements

(B) Reconciliation of total comprehensive income for the year ended 31.03.2018

(Rs. in lakhs)

Particulars	Notes	Year ended 31.03.2018 (Latest period presented under previous GAAP)
Net Profit after tax as reported under previous GAAP (including non-controlling interest)		**45,051.02**
Adjustments:		
Effect of fair value of investments in mutual funds	(c)	140.53
Effect of measuring financial instruments at amortised cost	(b)	1.03
Effect of recognising employee stock options and phantom stock options cost at fair value	(e)	(1,541.73)
Effect of recognising actuarial (gain)/loss on employee defined benefit liability under other comprehensive income	(h, i)	22.71
Effect of fair value of financial instrument carried at Fair Value Through Profit or Loss (FVTPL)	(c)	606.26
Provision on investment provided based on expected credit loss model	(d)	(31.92)
Deferred tax on above adjusments	(f)	(63.88)
Net Profit after tax as per Ind AS (including non-controlling interest)		**44,184.02**
Fair value change on financial assets carried at fair value through other comprehensive income	(c)	(2,055.93)
Provision on investment carried at fair value through other comprehensive income provided based on expected credit loss model reclassified to Profit or loss	(c)	0.60
Effect of recognising actuarial (gain)/loss on employee defined benefit liability under other comprehensive income	(h, i)	(22.71)
Deferred tax on above adjustments	(f)	296.38
Total comprehensive income under Ind AS (including non-controlling interest)		**42,402.36**

Notes to the reconciliation items:

(a) Gross obligation on put options

The Company has entered into a put option arrangement relating to equity shares of Max Life Insurance Company Limited ('MLIC") executed during the year ended March 31, 2016, amongst the Company, Axis Bank Limited and Mitsui Sumitomo Insurance Company Limited. As per the arrangement, the Company has to settle such liability by payment of cash upon exercise of option. As required under Ind AS, put option granted to non-controlling interest is initially recognised in the consolidated financial statements by the Group as a financial liability at the fair value of the amount that may become payable upon exercise of option and is adjusted against the shareholders' equity on 01 April, 2017 (date of transition). Under previous GAAP, these were not required to be recognised.

During the year ended March 31, 2018, changes on subsequent measurement of the aforesaid liability amounting Rs. 187.76 lakhs has also been recognised in the shareholders' equity pursuant to the Group's choice of the accounting policy explained in Note 2.21.

(b) Loans at amortised cost

Under previous GAAP, Loans were accounted for at their undiscounted nominal values. Under IndAS, these have been accounted for at amortised cost method by discounting the cash flows using effective interest rates.

Notes forming part of the consolidated financial statements

(c) Fair value of Financial assets

Under Indian GAAP, the Company accounted for long term investments in Government securities and debt securities whose business model is not to hold till maturity as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as FVOCI investments. Ind AS requires FVOCI investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised as a separate component of equity, in the FVOCI reserve, net of related deferred taxes.

Under Indian GAAP, the Company accounted for long term investments in Government securities, debt securities, equity instruments, Alternative investment fund, Additional Tier 1 Bonds and preference for which investment is not solely for the purpose of payment of principal and interest as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has accounted such investments as FVTPL investments. Ind AS requires FVTPL investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised as a gain/ loss in statement of profit and loss.

(d) Expected credit loss on investment

Under Ind AS, impairment allowance has been determined based on Expected Loss model (ECL). Due to ECL model, the Company impaired its investment classified as FVOCI and amortised cost. Under Indian GAAP, provision on investment was made basis permanent diminution of investment.

(e) Fair valuation of ESOP and PSP

For ESOPs, Under previous GAAP, the cost of equity settled employee share-based payments was recognised using the intrinsic value method. Under Ind AS, the cost of equity-settled employee share-based payments are recognised based on grant date fair value of options. Accordingly, the incremental difference between fair value and intrinsic value of options has been accounted for as employee benefit expenses. The opening impact of this difference has been adjusted in the opening reserves.

For PSPs, Under previous GAAP, the Company was providing liability for estimated cash requirement for settlement of PSPs on the basis of Fair Market Value of equity shares. Under Ind AS, the liability is recognised at the fair value of the PSPs, by applying an appropriate option pricing model.

(f) Deferred Tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the year. Ind AS 12 requires entities to account for deferred taxes using the Balance Sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences relating to various transition adjustments which are recognised in correlation to the underlying transaction either in retained earnings as a separate component in equity.

(g) Cash flow hedge reserve

Under previous GAAP, cash flow hedge reserve was the part of other equity. Under Ind AS, this is shown as under financial liabilities.

(h) Gain/loss on re-measurement of net defined benefit liability

Under previous GAAP, there was no concept of other comprehensive income and actuarial gains and losses were accounted for in Statement of Profit and Loss. Under Ind As, actuarial gain or losses are accounted for as other comprehensive income.

Notes forming part of the consolidated financial statements

(i) Other Comprehensive Income

Under Indian GAAP, the Group has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

46. Investment Property

Information regarding income and expenditure of Investment property

(Rs. In lakhs)

	Year ended 31.03.2019	Year ended 31.03.2018
Rental income derived from investment properties	1,216.00	219.00
Direct operating expenses (including repairs and maintenance) generating rental income	(106.00)	(21.00)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	-
Profit arising from investment properties before depreciation and indirect expenses	**1,110.00**	**193.00**
Less – Depreciation	376.00	38.00
Profit arising from investment properties before indirect expenses	**734.00**	**155.00**

The Company's investment properties consist of two commercial properties in India.

As at March 31, 2019 and March 31, 2018, the fair values of the properties are Rs. 21,950.00 lakhs and Rs. 2,290.00 lakhs respectively. Valuation with respect to property bought in earlier year is based on valuations performed by CBRE, an accredited independent valuer. CBRE is a specialist in valuing these types of investment properties. Income Capitalisation model has been applied for valuation.

Reconciliation of fair value:

(Rs. In lakhs)

	Commercial properties	Total
Opening balance as at April 1, 2017	**2,279.00**	**2,279.00**
Fair value difference	11.00	11.00
Purchases	-	-
Closing balance as at March 31, 2018	**2,290.00**	**2,290.00**
Fair value difference	211.00	211.00
Purchases	19,449.00	19,449.00
Closing balance as at March 31, 2019	**21,950.00**	**21,950.00**

Description of valuation techniques used and key inputs to valuation on investment properties:

Investment properties	Valuation technique	Significant unobservable Inputs	Range (weighted average) 31-Mar-19	Range (weighted average) 31-Mar-18
Office properties	Income capitalisation approach (refer below)	Estimated rental value per sq. per month	Rs. 40 - Rs. 45	Rs. 43 - Rs. 45
		Security Deposit (No. of months rental)	6	6
		Interest on deposit	7.00%	7.00%
		Property tax, insurance and others	4.00%	4.00%

Notes forming part of the consolidated financial statements

Yield rate	6.50%	7.10%

Income Capitalization Method involves capitalizing a "normalized" single - year net income estimate by an appropriate yield. This approach is best utilized with stable revenue producing assets, whereby there is little volatility in the net income.

The company has no restriction on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements

47. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

(Rs. In lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(i) The principal amount remaining unpaid to any supplier	97.90	33.90	-
(ii) Interest due thereon remaining unpaid at the end of the year	-	-	-
(iii) The amount of interest paid along with the amounts of the payment beyond the appointed day	-	-	-
(iv) The amount of interest due and payable for the year	-	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the year	-	-	-
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

48. Corporate Social Responsibility (CSR)

As per Section 135 of the Companies Act, 2013, the Group has provided for & spent Rs 1,264.00 lakhs (31 March, 2018: Rs. 1,173.87 lakhs) on various CSR initiatives, during the year, which are as given below:

(Rs. In lakhs)

CSR Project/Activity	Sector in which project is covered	Amount Spend	
		Year ended 31.03.2019	Year ended 31.03.2018
Village Adoption	Rural Development	316.80	347.70
Surgeries & Treatments	Health	309.85	254.95
NGO work on Healthcare platform	Health	348.80	248.93
Immunization/Health camp/Blood donation camp	Health	53.13	58.78
Health centre	Health	36.48	50.49
Artificial Limb and polio callipers	Health	33.72	35.63
Health Awareness	Health	46.89	55.98
Training in Health Programs	Health	-	14.00
Disaster Relief	Health	11.66	-
Mobile Health Clinic	Health	5.46	4.54
Financial Literacy CSR	Rural Development	101.21	100.00
Other Donation	Health	-	2.87
TOTAL		**1,264.00**	**1,173.87**

49. Additional information pursuant to Schedule III of Companies Act, 2013 for Consolidated financial statement for the year ended March 31, 2019

Notes forming part of the consolidated financial statements

Name of the entity	Net Assets		Share in Profit and Loss		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income	
	% of Consolidated Net Assets	Amount	% of Consolidated Profit and Loss	Amount	% of Consolidated OCI	Amount	% of Consolidated Total Comprehensive Income	Amount
Parent								
Max Financial Services Limited	70.59%	200,001.29	11.86%	4,938.51	(22.52%)	(29.670	(11.75%)	4,908.84
Susbidiary								
Max Life Insurance Company Limited	97.75%	276,926.64	94.03%	39,160.26	87.96%	115.88	94.01%	39,276.14
Eliminations/ Consolidation Adjustments	(68.34%)	(193,618.09)	(5.89%)	(2,451.56)	34.56%	45.54	(5.76%)	(2,406.02)
Total	100.00%	283,309.84	100.00%	41,647.21	100.00%	131.75	100.00%	41,778.96

Additional information pursuant to Schedule III of Companies Act, 2013 for Consolidated financial statement for the year ended March 31, 2018

Name of the entity	Net Assets		Share in Profit and Loss		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income	
	% of Consolidated Net Assets	Amount	% of Consolidated Profit and Loss	Amount	% of Consolidated OCI	Amount	% of Consolidated Total Comprehensive Income	Amount
Parent								
Max Financial Services Limited	73.78%	191,954.38	32.58%	14,393.72	1.27%	(22.71)	33.89%	14,371.01
Susbidiary								
Max Life Insurance Company Limited	103.81%	270,101.00	85.09%	37,597.82	69.85%	(1,244.46)	85.73%	36,353.36
Eliminations/ Consolidation Adjustments	(77.59%)	(201,876.25)	(17.67%)	(7,807.52)	28.88%	(514.49)	(19.63%)	(8,322.01)
Total	**100.00%**	**260,179.13**	**100.00%**	**44,184.02**	**100.00%**	**(1,781.66)**	**100.00%**	**42,402.36**

50. Material partly-owned subsidiary

Financial information of subsidiary that have material non-controlling interests is provided below:

Name of the entity	Principal Place of Business	Proportion of Ownership Interest		
		As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Max Life Insurance Company Limited	India	71.79%	70.75%	70.01%

Notes forming part of the consolidated financial statements

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Proportion of interest held by Non-Controlling interest	28.21%	29.25%	29.99%
Accumulated balances of material Non-Controlling interest	77,406.41	78,251.65	75,137.31
Summarised financial information for Balance Sheet			
Financial Assets	1,843,613.00	1,597,077.59	1,386,770.45
Non-Financial Assets	34,790.70	18,269.50	15,511.70
Financial Liabilities	50,984.14	41,747.95	42,279.26
Non-Financial Liabilities	1,749,298.62	1,494,594.55	1,284,089.54

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Profit/(loss) allocated to material non-controlling interest:		
Summarised financial information for Statement of Profit and Loss		
Revenue from Operations	549,450.14	477,282.75
Profit for the period	15,388.09	15,543.97
Other comprehensive income	45.54	(514.49)
Total comprehensive income	15,433.55	15,029.48
Summarised financial information for cash flow		
Cash flow from /(used in) operating activities	165,432.88	148,614.42
Cash flow from /(used in) investing activities	(155,784.47)	(124,720.79)
Cash flow from /(used in) financing activities	(13,508.04)	(10,065.11)
Net increase/(decrease) in cash and cash equivalents	**(3,859.63)**	**13,828.53**

51. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

52. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

53. The Company is primarily engaged in the business of making business investment in its subsidiaries. The investments (financial assets) and dividend income (financial income) on the same has resulted in financial income to be in excess of 50% of its total income and its financial assets to be more than 50% of total assets. The Company is of the view supported by legal opinion that the Company is a 'Core Investment Company' ('CIC') and does not meet the criteria for Systemically Important Core Investment Company ('CIC-SI') as laid down in the CIC Master Circular dated 01 July, 2015. Hence, registration under Section 45-IA of the Reserve Bank of India Act, 1934 is not required.

54. Payment to auditor (excluding GST/Service tax) (included in legal and professional)

(Rs. In lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
To statutory auditor:		
For audit	18.00	18.00
For other services	5.00	5.00
Reimbursement of expenses	1.09	1.47
Total	**24.09**	**24.47**

55. During the year, the Company has incurred finance cost aggregating to Rs. 2,724.62 lakhs towards underwriting fee and arranger's fee in respect of firm commitments made by certain lenders to enable the Company to provide its portion of shareholders' contribution for a potential acquisition opportunity pursued by its subsidiary company. However, subsequently the subsidiary company decided not to pursue the said acquisition opportunity and hence no fund raising was done by the Company. As the Company has not accessed any public funds, it continues to be a non Systemically Important

Notes forming part of the consolidated financial statements

Core Investment Company under the Non-Banking Finance Company (NBFC) rules as defined under the Reserve Bank of India Act, 1934.

56. The Company has entered into a put option arrangement relating to equity shares of Max Life Insurance Company Limited ('MLIC") executed during the year ended March 31, 2016, amongst the Company, Axis Bank Limited and Mitsui Sumitomo Insurance Company Limited. As per the arrangement, the Company has to settle such liability by payment of cash upon exercise of option. As required under Ind AS, put option granted to non-controlling interest is initially recognised in the consolidated financial statements by the Group as a financial liability at the fair value of the amount that may become payable upon exercise of option and is adjusted against the shareholders' equity on 01 April, 2017 (date of transition).

As per the terms of the above arrangement, the Company has partially settled its put option obligation during the year ended March 31, 2018 and March 31, 2019 amounting to Rs. 15,332.82 lakhs and Rs. 16,536.63 lakhs respectively. In the absence of any mandatorily applicable accounting guidance, the Company has elected an accounting policy to recognise changes on subsequent measurement of the liability in shareholders' equity.

57. The consolidated Ind AS financial statements were approved for issue by the Board of Directors on 28 May, 2019.

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694

Sahil Vachani
(Director)
DIN No:00761695

Sujatha Ratnam
(Chief Financial Officer)

Sandeep Pathak
(Company Secretary)
M.No. - FCS-5351

Place : New Delhi
Date : May 28, 2019

MAX FINANCIAL SERVICES LIMITED

CIN : L24223PB1988PLC008031
Regd. Office : Bhai Mohan Singh Nagar, Village Railmajra, Tehsil Balachaur,
District Nawanshahr, Punjab - 144 533
Tel. : 01881-462000, 462001 **Fax :** 01881- 273607
Website : www.maxfinancialservices.com **E-mail :** investorhelpline@maxindia.com

REMOTE ELECTRONIC VOTING PARTICULARS

EVEN (Electronic Voting Event Number)	USER ID	PASSWORD/PIN	NO. OF SHARES

The e-voting facility will be available during the following voting period:

Commencement of e-voting	**From 9.00 a.m. (IST) on Friday, September 20, 2019**
End of e-voting	**Upto 5.00 p.m. (IST) on Monday, September 23, 2019**

- **The cut-off date (i.e. the record date) for the purpose of e-voting is Tuesday, September 17, 2019.**
- **Please refer to the attached AGM Notice for instructions on E-Voting.**

-- TEAR HERE --

MAX FINANCIAL SERVICES LIMITED

CIN : L24223PB1988PLC008031
Regd. Office : Bhai Mohan Singh Nagar, Village Railmajra, Tehsil Balachaur,
District Nawanshahr, Punjab - 144 533
Tel. : 01881-462000, 462001 **Fax :** 01881- 273607
Website : www.maxfinancialservices.com **E-mail :** investorhelpline@maxindia.com

ATTENDANCE SLIP

Regd. Folio No. / DP ID – Client ID : ____________________

Name & Address of First/Sole Shareholder : ____________________

Name of Proxy holder : ____________________

Number of Shares Held : ____________________

I hereby record my presence at the 31st ANNUAL GENERAL MEETING of Max Financial Services Limited held on Tuesday, September 24, 2019 at 11.00 a.m. at the Registered Office of the Company at Bhai Mohan Singh Nagar, Village Railmajra, Tehsil Balachaur, District NawanShahr, Punjab – 144 533.

I certify that I am a member / proxy for the meeting of the Company.

____
Signature of Member/Proxy

Notes:

1. **Members/Proxy holders are requested to produce the attendance slip duly signed for admission to the Meeting hall.**
2. **Members are requested to bring their copy of AGM Notice for reference at the Meeting.**

Form No. MGT-11 PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014*]*

CIN : L24223PB1988PLC008031

MAX FINANCIAL SERVICES LIMITED

Regd. Office : Bhai Mohan Singh Nagar, Village Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab - 144 533

Tel. : 01881-462000, 462001 **Fax :** 01881- 273607

Website : www.maxfinancialservices.com **E-mail :** investorhelpline@maxindia.com

Name of the Member(s) :

Registered address :

E-mail ID :

Regd. Folio No. / DP ID-Client ID :

I/We, being the member(s) holding ....………................. shares of the above named Company, hereby appoint

(1) Name :
Address:
E-mail id: Signature_______________________, or failing him;

(2) Name :
Address:
E-mail id: Signature_______________________, or failing him;

(3) Name :
Address:
E-mail id: Signature_______________________

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 31st Annual General Meeting of the Company, to be held on Tuesday, September 24, 2019 at 11.00 a.m. at the registered office of the Company at Bhai Mohan Singh Nagar, Village Railmajra, Tehsil Balachaur, District NawanShahr, Punjab – 144 533 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolutions	Optional (✓)	
Ordinary Business		**For**	**Against**
1	To receive, consider and adopt the Financial Statements of the Company for the year ended March 31, 2019 including audited Balance Sheet as at March 31, 2019 and the Statement of Profit & Loss and Cash Flow Statement for the year ended as at that date, along with the Reports of the Board of Directors and Auditors thereon.		
2	To receive, consider and adopt the Consolidated Financial Statements of the Company and its subsidiary for the year ended March 31, 2019 and the Reports of the Auditors thereon.		
3	Re-appointment of Mr. Ashwani Windlass (DIN: 00042686), as a director liable to retire by rotation.		
4	Re-appointment of Mr. Sanjay Omprakash Nayar (DIN: 00002615), as a director liable to retire by rotation.		
Special Business			
5	Appointment of Mr. Jai Arya (DIN: 08270093) as an Independent Director of the Company, not liable to retire by rotation.		
6	Appointment of Sir Charles Richard Vernon Stagg (DIN: 07176980) as an Independent Director of the Company, not liable to retire by rotation.		
7	Appointment of Mr. Aman Mehta (DIN: 00009364) as an Independent Director of the Company, not liable to retire by rotation.		
8	Appointment of Mr. Dinesh Kumar Mittal (DIN: 00040000) as an Independent Director of the Company, not liable to retire by rotation.		
9	Approval to enhance limit of Registered Foreign Portfolio Investors (RFPIs) registered under the SEBI FPI Regulations and the Foreign Institutional Investors (FIIs) registered with SEBI to acquire and hold on their own account and on behalf of each of their sub-accounts registered with SEBI, upto 58% of the Paid-up Equity Share capital of the Company, provided that the individual shareholding of RFPI/FIIs on its own account and on behalf of each of their sub-accounts, in the Company shall not exceed 10% of the Paid-up Equity Share capital of the Company.		

Signed this--- day of------------------------------ 2019

Signature of Shareholder--

Signature of Proxy holder(s) --

Affix revenue stamp of Re.1/-

Note:

1. **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and to vote on poll instead himself/herself. A proxy need not be a member.
3. Signatures of member should be across a Revenue Stamp of Re. 1.
4. Please put a tick (✓) mark in the Box in the appropriate column against the respective resolutions. It is optional to indicate your preference. If you leave the “For” and “Against” columns blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.

Max Financial Services Limited
Ground Floor, DLF Center, Sansad Marg,
Janpath, Connaught Place,
New Delhi - 110001
Telephone: +91 11 4937 6000
www.maxfinancialservices.com

/themaxgroup /maxgroup /company/the-max-group/

Concept and design at AICL (hello@aicl.in)